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THE MERCHANTS' MAGAZINE

AND

COMMERCIAL REVIEW

JUNE, 1869.

THE GOVERNMENT PURCHASES OF BONDS.

The most prominent feature of the administration of the finances under Mr. Boutwell, is the inauguration of the purchase of Government bonds in the open market. The Secretary has determined, apparently as a permanent policy, upon devoting the proceeds of the Treasury sales of gold to the purchase of the Five-Twenty obligations. We presume that, in doing this, he is satisfied there will be a surplus of revenue, beyond all probable contingencies, sufficient to enable him to undertake this operation. It is to be assumed that he is competent, from his position, to form a safe judgment as to the extent of his surplus means. Under the recent changes both in taxation and expenditure, it may appear, to ordinary observers, that there is some uncertainty as to how the revenues and disbursements of the Government will square with each other; the public, however, will be content to accept the Secretary's judgment on the matter. The current customs revenue is certainly unusually large, and will leave

a heavy surplus of coin for conversion into currency. It is not improbable that the gold revenue for the current year may be close upon \$175,000,000, or fully \$50,000,000 in excess of the coin payments, equal to say \$67,500,000 currency. What proportion of this will be required to compensate for the deficiency of currency income, and what balance may be left for the purchase of bonds, remains to be seen. We presume, however, that Mr. Boutwell will promptly suspend his purchases of securities when he finds his funds are required for other purposes; and it is perhaps too much to expect that the selling of gold and the buying of bonds will be continued regularly the year round.

In considering then the policy of the present purchases of bonds, it should be remembered that the Secretary has on hand a surplus of revenue. The question is not whether the taxes should be reduced, or should be continued on the present scale for the purpose of paying off the Debt; but, circumstanced as the Secretary now is, with a large surplus of funds, and with authority to reduce the Debt, we do not see how he could do otherwise than employ his surplus in some manner calculated to improve the public credit and economize the expenditures.

The purchase of bonds is certainly calculated to secure both these objects. The spectacle of a country reducing one per cent annually of its Debt is something so uncommon in the financial history of nations, as to have a very direct tendency to enhance its credit. The taking in of bonds saves to the Government a high rate of interest for a succession of years; which, as an economy of expenses, it redounds to the public credit. There is room, however, for diversity of opinion as to whether the Secretary best employs his funds and secures the foregoing objects, by the purchase of Five-Twenties. It may be truly urged in favor of the selection of the Five-Twenty bonds that, in buying them, he makes the largest economy of interest; and that, by making them comparatively scarce and enhancing the price, he prepares the way for the ultimate conversion of this class of securities into obligations bearing a lower rate of interest; and this argument is the stronger because it involves, not only the largest present saving of interest, but also an improvement of the prospect of an ultimate economy of interest upon nearly the whole of the gold-bearing Debt. So far, the Secretary's policy is supported by weighty and statesmanlike considerations.

It must, however, be allowed that there are certain features in the present position of the finances which go far toward counteracting these wholesome bearings of the Secretary's course. There are now outstanding \$410,000,000 of demand obligations; upon seven eighths of which payment is still suspended, while the remainder, consisting of Three per cent Certificates are liable to payment on presentation. At home, we

have become so accustomed to financial derangements as to be comparatively insensible to the effect of this suspension, upon our currency obligations. In Europe, however, our credit is regulated to a very great extent by this consideration; and probably little benefit will result in foreign markets from our thus buying up our long obligations while nothing is being done to provide for the payment of our demand indebtedness. This difference in the estimate of Mr. Boutwell's policy at home and abroad will, in part, account for the fact that, since its adoption, Five-Twenties have advanced 6 per cent at New York, while they have actually declined 2 per cent in Europe. Of course, however, the fall in the foreign markets must be partly attributed to the action of the Bank of England, designed to discourage speculation in our securities. Unfortunately, this discrepancy in prices has induced a large advance in the gold premium; which became necessary to equalize the gold value of bonds at both points; incidentally, therefore, we have a very inconvenient and demoralizing result from the earlier purchases of bonds.

This condition of affairs suggests the inquiry, whether it would not be wise to suspend the purchases for a time. Besides, there are important reasons claiming the devotion of at least a portion of the Treasury surplus to the retiring of the 3 per cent Certificates. These obligations are in the nature of a temporary loan. They were issued less for the convenience of the Treasury than the banks, which suffered embarrassment from the sudden deprival of the Compound legal-tenders, and desired to have a temporary substitute which might afterward be gradually withdrawn. It is not supposable that this form of legal-tender reserve is to be permanent; and there seems to be no special reason why its gradual retirement should be undertaken hereafter rather than now. There are \$53,240,000 of these obligations outstanding, and principally in the hands of the banks, who can present them in any amount for payment on demand. This exposure of the Treasury balance to a sudden drain would be a matter of little importance were the balance kept, as formerly, at from \$25 000,000 to \$40,000,000; but it is a matter of settled policy with Mr. Boutwell to keep his currency balance at about one-third the former high figures, and, as a collateral policy, it seems necessary that he should guard himself against any heavy or sudden demand upon his resources. Desirable as the Certificates may be to the banks, as a reserve, yet in periods of severe monetary pressure they are apt to present them for redemption in large amounts. During October last \$7,000,000 were tendered for redemption, and in December \$2,725,000; and with a currency balance in the Treasury ranging, as of late, between \$5,000,000 and \$10,000,000, it appears necessary either that the Secretary should keep a larger currency reserve or that he should lessen his liability to demands from this source.

It is true that Mr. Boutwell is provided, under section 3 of the Act of July 11, 1862, with a reserve of \$50,000,000 of United States Notes, which could be made available for paying off the Certificates; but, in the interest of conservative finance, it is high time this reserve were withdrawn, and the Treasury so managed as to obviate the necessity of ever touching a resource provided for a much more critical condition of affairs than now exists. The retiring of these obligations, up to a certain limit, would involve no contraction of the currency; for the reduction of the currency in the hands of the Treasury has thrown a correspondingly increased amount of money into general circulation; and the retirement of Certificates to an extent corresponding to that reduction could therefore involve no disturbance of the equilibrium of the money market. Nor, again, is it to be overlooked that, so far as the Secretary might diminish the amount of these temporary obligations, he would remove one important obstacle to the resumption of specie payments; which would be an important step toward the improvement of the public credit. It is true, the Government has not the option of calling in these Certificates at its discretion; the Secretary has, however, the same right to purchase them that he has to buy any other obligation; for section 1 of the Act of July, 1862, provides that the Secretary of the Treasury "may *purchase*, at rates not exceeding that of the current market, and cost of purchase not exceeding $\frac{1}{2}$ of one per cent, any bonds or certificates of debt of the United States as he may deem advisable."

In some quarters, the authority of the Secretary to make purchases of bonds has been called in question; but, as it appears to us, upon very slender grounds. The Secretary has a double authorization for his action; first, under section 5 of the Act of Feb. 25th, 1862, which requires that the income from customs shall be devoted primarily to the payment of the coin interest upon the Debt, and next "to the *purchase* or payment of 1 per centum of the entire Debt of the United States, to be made within each fiscal year;" and, second, under the first section of the Act of July 11th, 1862, above quoted. The Sinking Fund provision of the former of these acts must be regarded as mandatory.

So long as the management of the finances was embarrassed by constantly maturing short obligations, or was attended with an increase of the Debt, the fulfilment of this law might perhaps be regarded as more punctilious than prudent; but now that the Debt is in a comparatively consolidated condition, there is no longer any valid excuse for neglecting the requirements of the Sinking Fund. There may be differences of opinion as to the principle of a sinking fund; and it may be regarded as a mistake that the management of the finances has been encumbered by such a provision; but arguments based upon such considerations can be of no

force against Mr. Boutwell's carrying out this law. While the law exists, it must be enforced. It is, however, suggested that the terms of the Public Credit Bill, passed last session, virtually hold the Sinking Fund provision in abeyance, so long as the suspension of specie payments continues. This we take to be a total misconception. The chief, indeed sole, object of that bill was to assure the public creditors, and by so doing, to facilitate the ultimate reduction of the interest upon the Debt. The bill, therefore, requires that the Government shall not undertake the redemption of any of its bonds before maturity, unless it shall have resumed the payment of United States Notes in gold. This stipulation was designed not to prevent any reduction of the Debt previous to resumption, but to give double assurance of the payment of Five-Twenties in coin, by determining that there shall be no redemption of them until coin has again become the common currency. How, then, can a promise not to *pay* the bonds, otherwise than in coin, be construed into an intention not to fulfill a previous engagement to "*purchase*" them in the open market? Had the Public Credit Bill been designed to supersede the Sinking Fund, its framers could hardly have failed to include a repealing clause; but, so far from this, the spirit and object of both laws is the same, while there is not a word in the bill to prohibit the purchase of bonds. The Public Credit bill engages that there shall be no compulsory payment of the bonds in a depreciated currency; the Sinking Fund law authorizes the Secretary to accept a voluntary surrender of the bonds, upon terms satisfactory to both parties; in what sense can the two laws be considered as opposed, or as nullifying each other?

THE ALABAMA QUESTION HERE AND IN ENGLAND.

It is reported that it was a singular letter of Professor Goldwin Smith, to an English journal, which gave the first impulse to the downward movement in United States securities abroad last week, and the same letter has evidently given rise to much of the excitement which appears in the English journals. We fear Mr. Smith was the victim of some Yankee's practical jokes, for certainly; when he writes that the wrath of our people makes it inexpedient for Englishmen to emigrate to this country, he may alarm the English, but he only makes people here laugh.

If an Englishman were to inquire here, diligently, among all classes of the community in town and country, as to the state of feeling on the Alabama question, he would discover that, the treaty having been rejected, there is absolutely no feeling about it. There is no doubt that Mr. Reverdy Johnson's treaty was distasteful to the American people; they were not willing to submit to arbitration, in the manner they understood that treaty to propose, the question whether we had suf-

ferred wrong at the hands of Great Britain during the late war. That question they believe is not open to argument. Nor were they content with an arrangement which lumped the Alabama claims with the claims, well or ill-founded, of British blockade runners and other vermin of that kind.

But the treaty being rejected, they would have forgotten the question before now had not Mr. Sumner's speech created such intense, and to us here amusing excitement in England. As to the Sumner speech, we doubt if one voter in fifty thousand has read it. It was delivered in secret session of the Senate; it was not printed until after its object—the rejection of the treaty—was accomplished; it was very long, and our people do not read long speeches.

Those who did read it regarded it, so far as we have heard, chiefly as a curiosity. Mr. Sumner has long been known here as the strong friend of England and Englishmen. It is pretty generally understood that he knows more English public men than any other of our politicians; that he keeps up a pretty lively correspondence with such men; and it is believed that he is especially averse to any trouble between England and this country. People who read his speech were therefore amazed to find him presenting so strong a case against England; if he had made a speech for the treaty no one would have been surprised.

But an enquiring Englishman would seek in vain here for any one who adopts Mr. Sumner's speech as a basis of settlement. He would find plenty of people who relish the speech as a rather good joke of the Senator's; and a good many more who are vexed that he should have muddled the matter, by a pretence of "constructive damages."

And if the Englishman enquired further, he would find it to be the very general, and, indeed, almost universal opinion of our people, that we need not trouble ourselves about the Alabama claims; that the precedent set by the British Government during our late war is so embarrassing now to Great Britain that she can afford to pay any reasonable bill of damages rather than remain open to such a retort as we could and undoubtedly would make if she should go to war with any other nation; and that, England being thus caught in her own trap, we may as well let her get out of it as best she can. "If the English want to settle the Alabama claims let them send over a minister, with power to do so. Why should we be running over there with our hats off and our little bill in our hands? We are not pinched;" that is what the average American says. That does not mean war, as the English journals are apparently trying to persuade their readers; it means that Brother Jonathan sees his cousin John Bull in what he would call an "ugly fix," and he enjoys Mr. Bull's embarrassment, and does not mean to help him out of it.

That is the whole of the Alabama question on this side. Nobody here expects a war with England, not only that, nobody here wants a war with England; but one thing is very certain,—if England gets into a war with another country before she settles the question, not all the proclamations which the President could issue, nor all the navy to back them, could prevent the fitting out here of privateers, to retort upon the commerce of Great Britain what she suffered her ships and seamen to inflict upon ours.

As to the terms of settlement, it would be well for English statesmen to remember that the United States are committed, by every tradition and precedent to any plan which will totally abolish, not merely privateering, but also the capture of private property at sea by armed vessels of any kind. From the days of Franklin to this time, we have been ready at all times to agree with all the great nations to make private property sacred on the high seas. Our envoys made that proposition at the last Paris Conference upon international maritime regulations, and it was rejected. We do not doubt that our government would agree to such a law now; but, of course, we should expect that England, making such an agreement, would acknowledge that in the late war she wronged and outraged us, and pay our shipowners for the losses which her ill-conduct inflicted upon them.

THE UNITED STATES AND GREAT BRITAIN.

THEIR POLITICAL AND COMMERCIAL RELATIONS.

In the month of March, 1868, the committee of the Cobden Club, of London, resolved that a gold medal should be annually presented by the Club to the author of the best essay on some important question with which the late Richard Cobden, M. P., had been identified during his life. The subject first chosen was, "*On the best way of developing improved political and commercial relations between Great Britain and the United States of America.*" The following essay, written by Rev. Joshua Leavitt, D. D., of this city, is that to which the prize for 1868 has been awarded. It is an able and clear presentation of some of the general principles in which political economists of the day are agreed; and although many will take exception to some of the details of argument and illustration, the general plan by which the writer proposes to improve the relations existing between the two leading nations of the world, will be heartily approved by those most familiar with the subject. We publish the essay in full, and commend it to the careful perusal of our readers.

THE RELATIONS BETWEEN GREAT BRITAIN AND THE UNITED STATES.

These two great Protestant nations, sprung of the same stock, and identical in language, religion, and jurisprudence, have the greatest possible interest in the continuance of mutual good-will. Being so nearly alike in the principal elements of national character, and so nearly equal in all that constitutes national greatness, no other two nations can do so much to injure and degrade each other. And there is hardly a possibility that either should benefit itself by the other's ruin. Having the lead of all nations in many elements of the highest civilization, no other two nations can do so much to extend the influence of their common principles.

Our systems of religion, of law and policy are calculated to diffuse over the whole earth the blessings we enjoy, and would unite all nations in relations of amity and commerce. And these, if continued, would eventually make peace and prosperity, liberty and refinement, the common property of all mankind. Nations are but larger families; only there is this difference, that families acknowledge their subjection to the government of the state, while nations know no superior but God.

Some light may be thrown upon the subject before us by looking at the relations of a couple of neighboring families. We will suppose them to be of the same lineage, but independent of each other, and therefore equal before the law.

Let one be of modern growth, but intelligent, ambitious and enterprising, with an immense and compact domain, of vast resources, and rapidly rising in all that constitutes true worth and dignity; the other, with a still wider domain, but circumscribed in a homestead, having vast accumulations of wealth, and ennobled with the highest titles achieved through a history of a thousand years. In what way are the most friendly relations to be developed and preserved between two such families? We shall have to provide against the influence of mutual rivalries, the intrigues of mutual enemies, and the errors and wrongs inseparable from poor human nature. The success of our experiment will depend upon the full and constant recognition of two facts: first, that the families are wholly distinct—that they are two, and not one; and secondly, that for all the purposes of this inquiry they are to be regarded as on equal ground. No assumptions of superiority in the one, no admissions of inferiority in the other, are allowable, because by the suppositions each is as independent as the other; and each in its voluntary relations is subject only to its own will. Practically, of course, the lead will be taken by the older family as to the manner and form of mutual intercourse.

Comity consists in mutual concession, and concession comes with grace from those who have in some sense the advantage. Advances which would be courtesy in one, would be servility in the other. The terms of intercourse, the degree of familiarity, the frequency and intimacy of visits, the multiplication of common pursuits and interests, the line between familiarity and reserve, would be regulated by the wishes of the older family. Many things can be accepted when given, which we cannot be asked for without a loss of self respect. And it is only by the happy union of mutual esteem with unwounded self esteem that intercourse between equals becomes productive of lasting friendship. Wisdom and self control are required as well to refrain from taking, as to avoid giving, offence. Only intentional wrong ought to be resented, and then with seriousness only corresponding to the evident malignity of the intention. A manly and sincere spirit will dismiss a thousand trifling incidents with, "What is that between me and thee?"

The chief interests of a family in which the family life consists, are its own, and by the instinct of self preservation are devolved upon its own care for their preservation; and nothing pertaining thereto which is not plainly unjust, ought to be taken in an offensive sense.

If I strengthen the fences around my own fields, it is not for my neighbor to inquire whether it is to keep my cattle from spoiling his crops, or to keep his cattle from devouring my harvest. There are but few cases, even between the nearest relations, where good neighborhood is not best perpetuated by the habit of interchanging visits through the street door, and with the forms of ordinary politeness, rather than by 'running in' through a postern gate across the garden.

The frequent and easy interchange of ordinary civilities, as well as positive acts of kindness, should have every facility on both sides, and yet never be made obtrusive or burdensome. There is no obligation, even of friendship, requiring one family to adopt the manners or copy the forms of another, in things in either small or great. It is essential to the mutuality of courtesy that its forms be spontaneous and free.

Short settlements make long friendships. The frequent balancing of accounts in business is a sure preventive of incurable alienations. And in cases of actual misunderstanding, all the manuals of good manners ever written contain nothing so complete as the simple rule of Christian ethics—"If thy brother trespass against thee, go and tell him his fault between thee and him alone."

Personal and prompt explanations between the parties, without any communication with others, would settle the greater part of the obstinate quarrels which disgrace civilized society.

The frequency and familiarity of intercourse between families for

business or friendship can be regulated only by a judicious regard to the condition of both, and can neither be exacted nor restricted at the mere pleasure of one.

Yet the increase of friendly relations depends upon the freedom and familiarity of mutual intercourse, and the constant interchange of offices of kindness, within the limits of common sense and sincere good will.

HOW THE RELATIONS BETWEEN THE TWO NATIONS MAY BE IMPROVED.

Two families thus living as neighbors and friends through a course of years, could not but grow more alike in many things, while some peculiar characteristics of each might appear more marked and distinct. As, in mathematical problems, the asymptote is described as a line which "always approaches without ever meeting its curve," in like manner two families, or two persons, in process of the highest culture under the influence of the firmest friendship, would continually assimilate to each other, without ever becoming identical. It is not necessary to point the application to the case of these two distinct and kindred nations. The parable presents the outline of that free and voluntary intercourse of courtesy and kind offices, by which alone "improved commercial and political relations" between them would grow and develop themselves. Such causes produce their effects, independently alike of formal compacts and of governmental regulations, but in a way to give shape and direction both to treaties and laws. Nations as such do not visit each other. Their mutual intercourse and relations are maintained through the personal visits of individuals, the interchanges of thought by means of the post office and the press, the operations of diplomacy, and the exchange of commodities in trade. Leaving emigration out of the case, it is supposed that one hundred Americans visit England, where one Englishman visits America, either for purposes of trade or for pleasure and improvement.

The reasons for this disparity are too many to be recounted, and are almost as various as the inclinations of individuals. The great increase of such intercourse must be a vital element in the "improved political and commercial relations" of the future.

Those who have the most to learn, and those who are the most eager to see and know, will be the most eager to go; while those who furnish the most to be seen, or who take most pains to entertain and gratify strangers, will naturally attract the greatest number of visitors. Those who go to see, and to learn, and to enjoy, will be the best welcomed and most gratified; while those who go to criticise, to find fault, to scandalize, or to gratify a sour and selfish egotism, will see all things with jaundiced eyes. Either way, a large part of the mutual knowledge and

interest between these two countries is produced by the interchange of personal visits. Seeing is believing. The places which we have ourselves visited, the ground which we have ourselves traversed, the persons whom we have ourselves seen and conversed with, are fixed in our minds, in all their qualities and proportions, and seem to us as interesting subjects of thought, in a far more vivid manner than is possible for that of which we have only read in books. They lose much who voluntarily neglect opportunities which they might enjoy, of expanding their affections beyond their national boundaries, and of crossing wide oceans into distant continents.

Both the pleasure and the profit of travel depend much upon the spirit of candor and courtesy with which we make our observations. We should remember that differences are not necessarily preferences. Diversity is the law of creation; its universality is one of the highest evidences of the wisdom of the Creator. Diversities are the most marked where there is the highest cultivation. It is only through diversities that society becomes possible. Mutual intercourse and regard are enriched and heightened in proportion as natural diversities are enhanced and refined by culture. It is by our differences that we become most valuable to each other, and contribute most to the common stock of enjoyment and improvement. Both national and personal idiosyncrasies are chiefly matters of growth rather than of arbitrary choice or production. Like the shell of the body of the fish, they fit exactly in proportion as they have grown without obstruction. It does not follow, because my way is different from yours in any particular, that it is either better or worse than yours. Yours may be the best for you, as mine for me, and is entitled to the same candor and respect which I naturally desire in return.

There is no philosophy and no refinement in life above the golden rule: "All things whatsoever ye would that men should do to you, do ye even so to them." When Americans go to England, they go to see Englishmen; and when Englishmen go to America, they go to see Americans, and should expect to find that Americans are like themselves and unlike Englishmen.

If they were exactly alike, they would not be two, but one; and it is because they are unlike in circumstance and inclination that they are two, and not one. It is natural and necessary that both laws and manners should be different in a monarchy and a republic; in an old country and a new; in a nation laden with the wealthy accumulations of many centuries, and one whose disposable capital is not yet sufficient for the development of its own resources. A country in which primogeniture, the aggrandizement of families, and the permanent distinction

of classes are leading features of social organization ; and another which bases its national life upon the sentiment that all men are created equal, and have equal rights in all that constitutes individual life and development, cannot but grow more and more unlike in many things, in which neither could become like the other but by a forced imitation, alike unnatural and prejudicial. The degree both of likeness and unlikeness which the future development of amicable relations is to produce, is not a matter of calculation.

The whole remaining problem is bound up in one word—Commerce ; the interchange of thought and knowledge through the press and the post, and the interchange of commodities by trade. And commerce is governed, as to its extent, mainly by price. So that whatever enhances the cost of the interchange, obstructs its flow and lessens its volume, and to the same degree diminishes its benefits.

To obstruct the free flow of knowledge from country to country intentionally, through fear of social or political danger from the larger accessions of knowledge, is a barbarism no longer to be apprehended.

In a popular government, such as each country enjoys, intelligence is universally recognised as the safeguard of liberty. Everything which cheapens the cost of paper and books and newspapers, favors the diffusion of knowledge, and everything that enhances their cost is to be looked upon as an obstruction to this great object. To impose a tax on books and paper, either for revenue or for the protection of material interests, is to increase the cost of the diffusion of knowledge, and thus to sacrifice the greater good to the less.

To subordinate the intellectual and moral interests of a great people—of two peoples—to the needs or the greeds of a small class, is so unstatesmanlike, that it must surely give way before an enlightened public opinion the moment the subject is fairly understood. The interchange of thought and knowledge ought to be as free and universal between the two countries as between two counties of the same country. Let people weigh the principles and compare the ideas of each until all their joint stock of knowledge and literature shall become the common property of both, and until that alone shall be accepted as true which can stand the unrestricted scrutiny of all. When the people of these two nations shall all read freely the same books, and when the audience of both English and American authors shall be the whole English-speaking public throughout the world, the petty jealousies, the trivial misapprehensions, the unhappy distrusts, which dishonor the intelligence of the age, will be known no more ; and the two nations will necessarily think alike precisely in proportion as they think justly.

INTERNATIONAL COPYRIGHT.

The proposed international copyright has an important bearing in this connection. The object of this copyright is to give to the authors of books, or their assigns, the exclusive right of publication in both countries, in order to keep up the price in both. That this enhancement of the price in one country of books produced in the other, will have a tendency to limit the mutual circulation of current literature, will not be questioned.

Whether the proper encouragement of authors requires this to be done, is the point which the two governments should first settle. Copyright does not exist except as created by law; for it begins only when the steps are taken which the law prescribes, and it continues only so long as the law extends it. There is, therefore, no natural right involved; a man's thoughts are his own only so long as he keeps them to himself; when he has uttered them they become the thoughts of all who receive them, and who thenceforth use them at pleasure. The title of a thought by original invention is no better than the title to an asteroid by original discovery. The clothing of a man's thoughts in language no more entitles him to their exclusive publication, after they are gone forth to the public, than a man's careful study of the clothing of his person entitles him to forbid the imitation of his garb and gait as he walks the streets. The law creates copyright on the assumption that the public good will be promoted by the encouragement thus granted to authors to publish their works. The same law limits copyright as to its duration and extent, because the public good forbids the existence of a power to perpetuate the high price of books. What a drawback it would have been upon the circulation and influence of English literature, if the law had invested the heirs of Shakespeare, of Bacon, of Milton, with a perpetual copyright in their immortal work! The only proper question in the case relates to the sufficiency of the present encouragement to authors, by the exclusive possession of such a market for their books as is afforded by either one of these two nations. It is only a good book, in the intellectual sense, that deserves encouragement from the government. And it is only a good book, in the commercial sense, that is capable of being benefited by copyright. A very large majority of the books that are published never sell at all beyond the first edition; and the exclusive benefit of the first edition is in most cases sufficiently secured by priority in the market.

Of the comparatively small number of books in either country which run through many editions, the product of money to their authors is now extremely liberal. Many of the makers of such books are able to

live in handsome independence on the fruits of their labors, such as is rarely attained by those of equal ability either in the professions or in the public service. These high literary prizes are already a strong inducement to others to try their fortune in the field of literary adventure, as is seen by the multitude of books which fall still-born from the press, because they do not possess the qualities for which the people purchase books.

It can hardly be maintained that authorship, considered either as an industry or as an intellectual profession, is not as well protected and encouraged in proportion to the usefulness of its products, as any other human pursuit. The pecuniary return realized from their publication is neither the only nor chief encouragement by which authors of merit are induced to publish their works. The good they may do to mankind the reputation they may acquire, and the satisfaction of seeing their thoughts widely diffused and received, and make a part of the mental wealth of their country and age, outweigh a thousandfold, to an enlarged and generous mind, the value of the material silver and gold yielded by their copyright. And it cannot be doubted that these higher returns, are directly increased by the freedom of publication unrestricted by copyright; because cheapness of price, and variety in the forms of publication, are prime elements in the widest circulation of books.

The reputation gained by Dickens and Thackeray and Tennyson, by the boundless circulation of their books in America, has powerfully reacted upon their position in their own country, in ways which no amount of money received for copyright could ever have equalled. The same is true of many American authors, whose standing and satisfaction are mightily enhanced by the circulation of their works in England, solely through the freedom of the reprint. It is impossible to exaggerate the value of this international exchange of ideas through the medium of books, as a means of that general assimilation of thought and life, which is the highest guaranty of political and commercial intercourse and permanent friendship between the two countries. While each nation, for the most part, buries its own literary trash, and each retains the exclusive circulation of books adapted specially to its own use, the whole volume of the best thoughts of one country have now their widest diffusion through their freedom of publication in the other. And as this goes on from age to age, always increasing as it advances, the minds of both nations will come to be fed chiefly upon the same food, until they grow alike in all the great qualities of national life.

CHEAP POSTAGE.

The two countries have a valuable modern experience as to the influ-

ence of cheap postage, in hastening the process of assimilation among a people, as well as in greatly promoting the general advancement of civilization. And yet neither government appears to have entertained the idea of extending the application of the same principles to ocean postage. It has happened, unfortunately, for reasons not necessary to be now considered, that the government of the United States, in cheapening their rates of inland postage, have never hit upon a complete system. Having established a rate higher by fifty per cent than the English postage, they have been compelled to admit a number of variations for special classes which destroyed the uniformity of rate and the simplicity in the details of arrangement, so essential to the success of cheap postage. Until it shall adopt the fundamental principles of uniformity in rate, simplicity in arrangement, and beneficence in spirit, its attempts at reform in ocean postage would fail of the success which a better system would surely attain. The English system of cheap postage, on the other hand, came full-orbed from the brain of Sir Rowland Hill; purely scientific in its principles, complete in its details, beneficent in its plans and successful in its operations.

It is, beyond a question, the most perfect piece of government machinery that ever was invented. It presents the government to the people, in daily contact with their business and their happiness, but always in the aspect of a benefactor, giving benefits of inestimable value and exacting but a penny in return.

An English statesman, not now living, Mr. Richard Cobden, in conversation with the writer in 1843, bore the strongest testimony in its favor, in the opinion expressed, that the introduction of cheap postage had rendered a violent revolution for the overthrow of the government in England forever impracticable.

By the facilities which it affords for bringing the people all over the country, and of all classes, into mutual acquaintance and sympathy, and into the knowledge of each other's wants and wishes and plans, it lends such unity and force to public opinion that all needed reforms can be effected, one after another, by the demonstrated will of the people, without violence or revolution. A quarter of a century has passed, and he has not yet proved a false prophet.

It is a curious phenomenon in political philosophy, that in thirty years which have passed since the publication of Sir Rowland Hill's pamphlet, and with all the experience by which his method has shown itself to be as perfect in operation as it is scientific in theory, no attempt has yet been made to apply its beneficent and irrefragable principles to the postage of letters sent by sea. There is no reason in the nature of the two services why the same method should not be adopted at sea as

on land, and with the same satisfactory results—all good and no evil.

The cost of transportation of letters, which suggests itself at first blush as the great obstacle to cheap postage, was demonstrated by Sir Rowland Hill to be a mere insignificant portion, two-ninths of a farthing for a single letter, too small to be stated in money. And even this, it was shown, would be diminished in inverse proportion as the number of letters was increased. The cost to the government arises from other sources, which he classed together as "Management." And this cost of management is chiefly in sending, running and receiving the mails, and is therefore nearly independent of the number of letters. Consequently, the cost is increased in only a very small proportion as the number of letters is increased.

Hence it is that the net income of the constantly increasing gross amount of British postage has constantly advanced until it has surpassed the expenditure of the Post Office, so that the actual cost to the government of letter postage in Great Britain is now less than a half-penny. Why should not the management be just as simple, and the transportation just as cheap, by sea as on land? The freight of a barrel of flour from New York to Liverpool costs from two to four shillings sterling, that is, from half a dollar to one dollar in American money. Its weight is two hundred pounds, equal to six thousand four hundred half-ounce letters, the postage on which, at a penny, would be £36 13s. The actual contrast is still more striking, by the fact that the average weight of single letters is less than a quarter of an ounce; so that the barrel of flour weighs as much as 12,800 letters, the postage of which would be about fifty pounds sterling. We may make all reasonable allowance for the bulkiness of letters, as compared with barrels of flour, but if we reckon them as "measurement goods," the actual cost of the transportation of a single letter will not exceed one third of a mill, or about sixty-four thousandths of a farthing. The mails at sea would be much less exposed to injury or depredation than on land, and the whole management is more simple and less expensive. If either government finds it expedient, for reasons of its own, to subsidize lines of mail steamers with large gifts of money for carrying the mails, those reasons are governmental in their nature rather than postal, and this expense is not properly charged to letter postage. As far as postage proper is concerned, there is nothing to hinder the placing of the ocean mails upon precisely the same footing with the inland mails. As the United States have now no steamers plying between the two countries, the whole matter rests at present with the government of Great Britain. And the reasons which prevent its adoption will be such as influence the determination of that government alone. That a twopenny postage

between the two countries would produce a prodigious increase of correspondence, is as certain as that such an increase of correspondence would deepen the currents of mutual sympathy and friendship between the two peoples. It is hardly too much to predict that the same cause—cheap postage—which is supposed to have rendered a bloody revolution in England impossible, would be likely, if continued for a generation, to render a bloody war between the two nations unimaginable. Those only who deprecate the mutual assimilation which unrestricted intercourse will produce, will resist the introduction of such an arrangement of intercourse as would be fruitful only of good to both peoples, and fraught with immeasurable incidental benefits to our common humanity.

COMMERCIAL RELATIONS OF NATIONS.

But the greatest civilizer and assimilator of nations is Commerce.

By the very structure of the world, by the unchangeable conformations of continents and seas, by the diversities of soil and climate and production, and by the inherent distinctions among men in regard to their preferences and capacities, the Creator has clearly manifested his design that the human race should depend upon the mutual exchange of commodities for its highest gratifications and developments. It is only in quite modern times that commerce has begun to produce its highest benefits; and even now its capability of promoting the welfare of mankind is only partially displayed. In proportion as religion has softened the rugged features of society, and thus allowed the dictates of humanity a wider scope and greater influence, commerce has at once grown more free, and at the same time has regulated itself more by the rules of reciprocal justice. Science, also, has analyzed its principles, and given to it the guidance of intelligent reason. From the days of Adam Smith, philosophers at least have understood that trade is by its very nature an interchange of benefits. Each party gives that which he values less, and receives in exchange that which he values more, and thus both are enriched by the process. Without trade there could be no riches. A man might dig diamonds from a mine, and if he could not sell them he would starve in poverty. A community may fill itself to overflowing with its own productions, and yet remain poor and barbarous as to the blessings which wealth confers, until it opens its doors to exchange the hitherto worthless contents of its storehouses for the precious products of other climes. As all such interchange is voluntary, it follows that freedom is an essential element of success. Trade is trade only so far as it is free, because the choice of the will is only choice so long as it is free.

The interferences of power to restrict trade are, like the interpositions of force in opposition to free will, mechanical and obstructive in their nature and oppressive in their operation, except where justified by some higher extraneous reason. From the days of the old Romans, who used the same word to designate an enemy and a stranger, it seems to have been a prevalent idea in Europe that hostility was the most essential element of national life, and that nations existed chiefly to distrust and depress, or to injure and destroy other nations. It seemed to be accepted as a fundamental axiom of statesmanship that no nation could enrich and elevate itself but at the expense of its neighbors. The nearest countries as to locality were regarded as most essentially and constantly "natural enemies." The sorrowful poet Cowper wrote truth as well as poetry when he sung :

"Lands intersected by a narrow frith
Abhor each other. Mountains interposed
Make enemies of nations, who had else,
Like kindred drops, been mingled into one."

The concurrent growth of commerce and civilization in the fourscore years that have elapsed shows that the poet was also a prophet, when he speaks of commerce as a necessary remedy :

"Sure there is need of social intercourse,
Benevolence and peace, and mutual aid,
Between the nations, in a world that seems
To toll the death-bell of its own decease,
And by the voice of all its elements
To preach the general doom."

In the face of the vast and ruinous military preparations of most of the countries in Europe, and the failure of all negotiations for disarmament, it is yet an unquestionable fact that the political and commercial relations of these countries to each other have been wonderfully ameliorated, and that the increase of commerce among them is at once a principal cause and an accurate measure of this great improvement. Commerce, in proportion as it has become more free, has extended itself more and more widely, and everywhere encouraged a more varied and productive ministry, which in its turn furnishes more abundant material for the operations of commerce, until the conviction has become general among civilized nations that the trade of a country in peace is worth more than its spoils in war. And even in cases where the arbitrament of war cannot be avoided, although the improvements in the military art make war appear more terrific in its display, so great is the supporting and healing efficacy of modern commerce, that nations suffer less and recover more quickly under the inflictions of war than they did a hundred years ago.

In the former ages, the right of trade was regarded as a privilege, to be conceded as a boon, or prohibited as a penalty; granted with condescension, or refused in anger. As each nation believed that it could enrich itself by trade only through the impoverishment of its neighbor, and could enrich its neighbor by trade only in proportion as it impoverished itself, the regulation of international commerce became a subject of the profoundest study of statesmen and scholars, endeavoring to discover in what way a government could most advance the interests of one country, while conferring the smallest benefits or inflicting the greatest injury upon another.

PROTECTIVE DUTIES.

Like all the struggles against the beneficent laws of social life established by the Creator, these narrow schemes perpetually frustrated themselves. And wherever they were reciprocally pursued, their results of mutual impoverishment or open hostility showed that restrictions upon trade are in their nature identical with war, which is only a trial between nations to see which can do the other most harm. As the commerce between neighboring nations increased, it was found out, especially by English statesmen, that the same policy of commercial restriction through the taxing of foreign products, which had been originally introduced for purposes of hostility or national rivalry, could be made to subserve the further object of encouraging the production of articles at home, which would otherwise be imported from abroad.

Hence productive duties on foreign products came to be employed as a substitute for governmental bounties on home products, as a means of promoting that diversity of industrial pursuits which is so necessary an ingredient to national prosperity.

The protective policy is essentially of British origin, or, at least, has been followed out by the British government, until a recent period, in the most comprehensive manner. The operation of the protective policy is to help domestic industry by making foreign products dear, while the bounty policy aims at the same result by making domestic products cheap.

The one aims at high prices, the other at low prices. The fact was lost sight of, that the artificial raising of prices, if long continued, inevitably spreads itself over all branches of industry, enhances the cost of living and the wages of labor, and thus neutralizes its effect. This compels a further advance of protective duties, issuing again in a similar equilibrium of prices, calling for further imposts.

The great increase and diffusion of wealth in modern commercial nations permitted this policy to be pursued for a long time, notwith-

standing its obvious tendency everywhere to make the poor poorer, while it made the rich richer. But there must come a limit beyond which the alternate elevation of the wages of labor and the cost of subsistence cannot be extended, and then the protective policy breaks down, and must be laid aside. And with this comes in the practical adoption of the true economical philosophy, that the interests of nations are mutual and not antagonistic, which teaches that each one grows in wealth by the advance of its neighbor; that the impoverishment of a nation destroys the value of its trade, and thus impairs the prosperity of its neighbors; that the highest possible prosperity of a country depends upon the greatest possible extension of its commerce, which is best promoted by the utmost degree of freedom in trade: and that the diversification of productive industries rests on the surest foundations when allowed its natural growth, under the influence of increasing commerce, advancing intelligence, unlimited freedom of labor, and the highest assurance of the enjoyment of its products. And this is also demonstrating in practice, that the continuance of the *entente cordiale* between nations long supposed to be necessary rivals, if not our natural enemies, is most sure to be permanent when it is upheld by the freest interchange of their respective products.

All Europe is now falling gradually into this new system of policy, the nations most advanced in freedom and intelligence take the lead. The government of the United States still adheres to the protective policy, in all its bearings, and proportions, with the utmost tenacity, and is thus far supported by the apparent consent of the great body of the people of that country. The fact is certain, and if fully examined is less to be wondered at than regretted. That a body of English emigrants, going to found an English colony, having English laws and habits, and carrying with them only English ideas and literature, should, on setting up for themselves, fall spontaneously into the adoption of English methods of policy in regard to most things not actually involved in the process of separation, would be anticipated as philosophically as it has been realized historically.

Mr. Alexander Hamilton, the first Secretary of the Treasury of the United States under the Constitution, in his first report on finance, proposed the encouragement of domestic manufactures as one of the leading objects to be aimed at in legislation. And the first Congress of the present government incorporated this idea by express words in its first act laying duties on foreign goods. By the greater number of American statesmen and financiers this idea has been received, without a serious question of its soundness, to this day. In all the incessant fluctuations of the tariff, the changes have been only in degree and not in principle.

In all the strifes of parties they have started with the common axiom of "duties for revenue, with incidental protection." Of late a few extremists have almost ventured to proclaim the doctrine that duties ought to be laid with reference to protection chiefly, even if their effect should be a diminution of revenue.

Their plain utterance would be, "Duties for protection, with incidental revenue."

It is safe to say that the system has reached its acme in the United States, and that any future changes in the tariff will be in the other direction. The need of revenue to meet the exigencies of the public debt, the general embarrassment arising from the continuance of exorbitant prices, the vigor with which the true principles of political economy are now urged upon the public mind, and the obvious interest of the country in the restoration and expansion of its commerce, cannot but extend the conviction, already adopted by large numbers of the ablest thinkers and most learned scholars of the country, that the protective policy has already been carried too far, and that the future prosperity of the people depends now upon a rapid change towards the policy of free trade. The common sophistries by which the protective policy justifies itself are only the gloss by which it is apologized for and made presentable in the arena of public opinion. A more careful examination of the facts will show that its vital principle is to be found in the idea of national antagonism which is discussed in the preceding paragraphs. No current argument in its favor would be considered complete, no popular presentation of it would be [found] persuasive enough to satisfy the body of the American people, unless it was vitalized with the idea that it is both necessary and right to protect the laboring classes of the country against the ruinous competition of "the pauper labor of Europe."

That is the opprobrious term employed by the protectionist press of America to describe the industrial classes of the parent countries of their own population. But the laboring classes in America are already beginning to see that they have only a choice of competitions; for the facilities of crossing the ocean are now such, that the laboring classes of both Europe and Asia can easily transfer the field of competition to the American soil, so that all they can gain by their protective tariff, if it is continued a length of time, is the privilege of paying exorbitant prices for their subsistence, while the capitalist gets the lion's share of the benefits.

But the selfish expectation of building up their own manufacturing interests by destroying those of their European neighbors, with the satisfaction of pampering their own laborers by starving their kindred

in Europe, is still insufficient to give political popularity to the protective system, such as will secure its permanent continuance. The appeal is made to what is supposed, by superficial thinkers, to be the overmastering passion of the American people, by holding forth the protective policy as a weapon of special power to injure the British nation. The supposed traditional hatred of England, handed down from the American revolution, is chafed and exasperated by representations designed to create the belief that the British commercial policy is always governed by the single aim to destroy American manufactures.

And no man of prominence in America can support even a partial relaxation of the rigors of protection, without bringing upon himself the stigma of being a partisan, and probably a pensioner, of "British free trade." The persistence and vehemence with which these representations are urged, attest the consciousness of the protection advocates that their cause cannot be maintained among their own people, unless the belief is propagated that high duties are a weapon of special force to injure Great Britain. If the tariff would inflict serious injury only upon Germany, the German citizens have already too much political influence to allow hatred of Germany to be aroused and appealed to in favor of any measure of policy in America. If it were only France that was concerned, no American statesman would venture to propose the infliction of injury upon France in face of the strong national sympathies with France which have come down from the days of Independence. The protective policy cannot stand in America, by the admission of its advocates, except as it is deemed an expression of hostility against England. But for these representations it would begin to be abandoned before the close of the present administration. So long as it is continued it will remain an expression of unabated and unalterable hostility, in the face of which it is in vain to expect any considerable amelioration in the political and commercial relations of the two countries.

The circle of topics belonging to this discussion, cannot be completed without a reference to the Dominion of Canada, in its bearing upon the relations between the two countries. It is impossible to wink out of view the fact that the present value of this possession, in the eyes of the British nation, has reference chiefly to the contingency of war with the United States. Since the adoption of free trade, the value of such a territory for its trade depends upon the condition of the people, and not at all on their political relations. The possession or the abandonment of Canada can have no perceivable bearing upon the relations between Great Britain and any European nation, unless it might possibly, in some contingency, become a means of involving the United States in some entangling alliance with a European power at war with England.

THE UNITED STATES AND BRITISH AMERICA.

In a strictly military point of view, looking either to an American or European war, Canada is rather a source of weakness than a tower of strength against any power having both an army and a navy. It would be a prominent point of attack, while the highest British military authorities pronounce it incapable of a prolonged defence. If we study carefully the utterances of British statesmen and authors, we are struck with the constant outcropping of the idea that Canada is to be held, cherished, improved, strengthened, fortified, as a make-weight against the United States. The recent confederation of the provinces was urged upon them by the Imperial government as an imperial measure, and for imperial objects, rather than for any benefit it would be to the people of the colonies. Every influence which the home government could employ was put in requisition, and brought to bear upon the provincial leaders before the final consent could be obtained to the union. A powerful party in the Dominion already sees with pain that it is a great injury to their future prospects to be thus held in a position where they are expected to feel the heaviest of the blows, in a possible war in which they have no concern. The proposed railway between Quebec and Halifax, the funds for which were held up as one of the chief inducements for confederation, is now laid down by a route running quite away from the population, for governmental reasons only, having reference to no necessity but that arising from hostilities with the United States. Not for commercial, but military, reasons they are called upon to build a railway through a cold and sterile region, which will probably be among the last in the world to become populous and productive. It is not for defence, but offence, that the aggrandizement of Canada is cherished. England is not more secure from invasion by the forts in Canada. As a bulwark against invasion from America Canada is worthless. It is only valuable as a sally-port for invasion of America by British troops, gathered and marshalled in Canada, to fight the battles of Great Britain upon the soil of the United States. If Canada were held and managed as it is, mainly for the benefit of its trade, the Dominion would not be allowed to adopt the American system of protective duties against British products, but would be brought at once within the blessings of free trade. Its value in this regard is that of a standing menace towards the United States. It is as if a man were standing with a brandished club at the gate, while inviting you to become sociable and friendly, thus showing himself ready to break your head at a moment's notice if you disoblige him. In all this the colonies are wholly passive. They are held as a convenience for the uses of the mother country. Their sentiments or their interests are alike immaterial

to the result. Be they ever so hostile, they can do no act and pursue no policy on their own account. Be they ever so friendly, they cannot help being held up as a standing menace against the United States.

It is impossible that amicable relations should be perfect between neighbors, when one keeps dogs and guns in constant display against the other. This would be true were defence alone the avowed object of the army; still more where the object is coercion and intimidation by the threat of invasion or injury. It is only the alightness of the apprehension of peril from this source that renders the American people so indifferent to all these hostile demonstrations. It is evident, however, that this obstacle to national amity can only be removed by the adoption of a different policy, supported by different reasons, and having other tendencies than those of menace and hostility. What that policy should be is not within the scope of the present inquiry. A single suggestion only will be ventured.

THE NORTH GERMAN UNION—ITS EFFECTS AND ITS MORAL.

All friends of freedom who have sprung from Teutonic stock, cherish a special solicitude for revival of civil liberty and its blessings in the "Fatherland" of Germany. Such a restoration long seemed to be an impossibility, through the division of the country into a large number of petty sovereignties, whose mutual rivalries and conflicts forbade the hope of speedy improvement. Nearly forty years ago, a German scholar and patriot, himself an exile for his love of liberty, Dr. Francis Lieber, now a learned and distinguished publicist in New York, wrote in the *Encyclopædia Americana*, of which he was the editor, this striking prediction:

It needs no prophetic eye to foresee that the time will come when Germany will sustain that struggle which England and France ended long ago; will become united and rest from the bloody conflicts in which, for centuries, Germans have slain Germans, and which have wasted their wealth, checked their industry, impeded their development of public law, and extinguished in their literature that manliness which is so strong a feature in that of a neighboring nation, partly descended from them—conflicts most fully exhibited in that heart-rending tragedy, the Thirty Years' War.

It may be asserted, without paradox, that union is at present more necessary for Germany than liberty; at least, give her the former, and the latter will soon follow." (Vol. v., p. 430. Philad. 1832.)

That which all the desolating German wars of all the centuries had not begun to produce, the unification of the German peoples into one body, has been reserved to be the triumph of freedom of commercial intercourse.

In the year 1807, after the disastrous campaigns of Ulm and Jena, by which Germany was almost subjugated to France, the statesmen of Prussia were aroused to the conviction that there was no way in which the nation could recover itself but by great improvements in the condition of the people. The first step was the abolition of the land monopoly of the nobles, so that the land could be owned by its cultivators. The next was the concession of local self-government to the towns. The result was seen when the body of the people turned out to drive the French invaders from their soil in 1813. During the financial exhaustion which followed these terrific struggles, the want of capital and labor prevented any great advance in manufacturing industry. But by 1818 the government became satisfied of the necessity of such a change of policy as would encourage manufactures, by freeing them as much as possible from all governmental burdens. They therefore at once reduced the customs duties to a mere revenue scale, in no case exceeding ten per cent. At the same time earnest overtures were made to all the independent Germanic powers for the establishment among themselves of a Zoll-Verein, or Customs Union, whereby absolute free trade should be established among all the states agreeing thereto. The bigotry and jealousy of the reigning houses, with other causes, made it nearly twenty years before so many powers had come into the Customs Union as would afford a fair trial of efficacy. But just in proportion as it went into operation prosperity followed in its train.

In 1858 the Zoll-Verein embraced above thirty-three millions of people. Each state effected its accession by the formality of a treaty, and not by act of legislation—showing that the mutual regulation or abolishment of customs is a legitimate subject of treaties between states jealous of their own sovereignty. By the fundamental rules of the Zoll-Verein, each state regulated the duties on its own frontiers, but no foreign product was to be prohibited, and no duties were to be levied above the original Prussian standard of 1818; that is ten per cent *ad valorem*, but the free list might be extended at pleasure. In fact, nearly all raw materials of manufactures were free. The product of the customs went into a common fund, and were distributed among the states according to population. The aggregate of imports of the Zoll-Verein increased from one hundred and thirty-seven million thalers in 1837, to two hundred and eight millions in 1853, and three hundred and fifty-four millions in 1857. The home product of iron increased from three millions seven hundred thousand cwt. in 1850, to ten million cwt. in 1858; while the importation of iron increased, at the same time from two and a half million cwt. in 1850, to six and a half millions in 1858. Both these advances illustrate the financial improvement of the Union, and show at once the effect of a

low revenue rate of duties of ten per cent on foreign imports, and of the perfect freedom of trade between the parties to the compact. And now in 1868, German unity, the cynosure of German liberty, is on the point of a complete consummation, to the great rejoicing of all the Teutonic races and peoples, and the great advancement of general peace and civilization. *Laus Deo!**

These great and beneficent results of a system of measure so simple and unexceptionable, prompt the inquiry, how far an arrangement of somewhat similar character may ultimately be found both advantageous and practicable between the three great English-speaking countries, Great Britain, the United States of America, and the Dominion of Canada! An Anglo-Saxon Customs Union! Perfect freedom of trade and exchange between the three countries, such as now exists between the counties of England, between the States of America, and between the provinces of Canada! How many difficult problems it would settle! How many causes of jealousy it would remove! How many bonds of sympathy it would create and strengthen! What causes (commercial or political) would be likely to renew hostilities between these countries for hundreds of years to come? It is not to be supposed that two countries, however well disposed, with an ocean between them, would pattern their Customs Union precisely after that adopted by the German states, adjacent to each other. Let the details be adjusted by those who shall be called to settle the terms of the agreement. Where there is a will there is a way.

THE PRESENT AND FUTURE OF GREAT BRITAIN AND THE UNITED STATES

The present time seems eminently propitious for the discussion of the question proposed by the Cobden Club: "On the best way of developing improved political and commercial relations between Great Britain and the United States of America." Both countries are just about taking a fresh departure in the career of their national history. In England the great question of parliamentary reform, which has been the bugbear of politicians for a generation, has been settled with only the bustle and excitement of an ordinary change of administration.

The cry of "Finality," with which the leaders of the Reform of 1832 sought to cover their own cowardice, or calm the fears of the country squires against any further concession to popular rights, has yielded at last to the dictates of reason. The teachings of all human experience show that finality is an attribute only of the works of God, and that

* It is a noticeable circumstance, in illustrating the sophistries by which the protective policy is supported in America, that Mr. Henry C. Carey, of Philadelphia, the greatest living authority in favor of that policy, in his latest publication adduces the Prussian tariff of 1818, and the success of the Zoll-Vereln, as a brilliant example of the blessings conferred by protection in contrast with free trade!—*Washington Republican*, November 30, 1868.

change is the essential condition of all human processes and institutions. So long as there is anything new to be learned, or anything in the present to be made better, there must be a change. The fear of the "Americanization of British institutions," which was the last resort the opponents of progress, has already gone to take its place with the tears of Guy Fawkes and the Pretender.* Hereafter the whole body of the people are to find themselves, not arrayed in two hostile ranks, each seeking, at the expense of the common welfare, to aggrandize and protect itself by depressing the other, but as a homogeneous mass of fellow-patriots, all bound together by a community of interests and responsibilities, and all working for the common end, by doing all in their power to elevate their country, by improving the condition of every person in it. In this career of national growth and glory, unparalleled in history, there is not a generous heart in America that will not bid the grand old mother country a hearty "God speed you," without a single jealous reserve, or one misgiving fear.

In like manner, in the United States, the great evil of slavery, heretofore regarded by the whole British nation, with rare exceptions, as the rock upon which the American Union would one day be broken to pieces, has disappeared as absolutely as if the earth had opened and swallowed it down deep in the abyss, closing over its sudden grave, so that it can never reappear. Instead of wrecking the Union, the whole excitement connected with the overthrow of slavery and the suppression of the largest rebellion that ever was suppressed, has not effected even a change of administration. Some financial embarrassments and irregularities, a great exhaustion at the South, are symptoms of the passing away of a great convulsion; but the onward progress of the United States in that which chiefly concerns the greatness and glory of a nation, has never been suspended for a moment, and is now in many respects more brilliant than ever before.

Thus the predictions of the prophets of evil in either country, regarding the other or itself, have wholly failed, and the two nations are now at liberty to cherish the highest sentiments of mutual respect and admiration, without a single drawback. It is a happy omen for the future, that as both nations are free themselves, and the friends of freedom everywhere, so the increase of friendly relations between them depends mainly upon the increase of freedom in their mutual intercourse.

The question raised by the Cobden Club is that on which the future of the two countries mainly depends. Every measure and every feeling that tends to improve their mutual relations, tends equally to the most

* Mr. Robert Lowe, in giving thanks for his late election to Parliament by the London University, used these remarkable words: "Perhaps the best thing is to look at America, not as a warning to deter, but an example to imitate."

substantial advantage of the country that shall adopt it. The two countries are so much alike in so many particulars of character and circumstances, that they cannot but grow more and more alike, and more and more attached to each other, if progress is permitted in that direction. At the same time the two are so different in so many respects, that it will be possible enough for them to grow more and more estranged and embittered, until in a course of ages it will be hard to believe that they came of the same stock, and were once the same in language and religion, in laws and manners, as children of the same mothers, and heirs of the same fathers. It is impossible that their political and commercial relations shall remain as they are for a few generations to come. The beginning of the next century will show something of the huge proportions of the problem now under consideration. The generation of scholars, of statesman, of politicians, and men of business, now on the stage of action stand at the gate of this awful future. Impulses and directions now given to the course of affairs will bear fruit of good or evil, in proportions so gigantic as we who are now planting the seeds of things have never yet seen, and could not believe, though a man should tell us of them.

THE BANK OF ENGLAND RATE OF INTEREST.

The city article of the London *Times*, of the 7th instant, gives an explanation of the motives for the advancing of the bank rate to $4\frac{1}{2}$ per cent, which has attracted much attention here, and has contributed to the rapid advance in the gold premium this week. The *Times* speaks with an air of positiveness which, whatever may have been its real occasion, is construed by many among us as warranting the supposition that its utterances are semi-official; and it is this inference alone which has given its statements any serious practical importance. The advance of the rate is attributed entirely to a desire on the part of the Bank directors to check the London speculation in American securities. Says the writer

Whether the advance of the Bank rate to $4\frac{1}{2}$ per cent will create pressure and distrust sufficient to check the ardor of those who are placing their money on these securities, is the point to be solved. All that can be *positively known* is, that if $4\frac{1}{2}$ per cent will not suffice the movement will go on to the requisite point, whether that point be 5 per cent or 10 per cent. We cannot keep up the New York inflation beyond a certain range any more than we could perpetuate the London inflation of 1866.

It is difficult to determine what reliance is to be placed upon these confident assertions, and whether what is said to be "positively known," represents official inspiration or private opinion. Judging, however, from the remarks of other London journals upon the *Times'* article, it would appear that its announcement was received with much local distrust. The

course of the Bank managers, since the advance of the 6th instant, has not been confirmatory of these vaticinations. The advance of the rate produced but a momentary pressure, which fell as heavily upon Consols and legitimate discounts as upon Five-Twenties; and considering the advance in gold, our bonds have since been more than steady at London, while probably not less than \$7,500,000 have been sent there and to Frankfort, within the last two weeks. Moreover, a prominent banking house has failed here, with important connections in London and on the Continent, a fact calculated to excite distrust in New York credits. These facts show conclusively that the first turn of the Bank screw has failed to effect the object attributed to it by the *Times*; and as two weeks have elapsed, with a continuance of the bond movement and yet without a second "twist," there is good reason for doubting the accuracy of its version of the policy of the Bank.

The directors of the Bank of England have a weak conception of their mission and power if they imagine that they can exercise any permanent control over the present investment demand for our securities. The demand has been stimulated by a real improvement in the credit of our Government; and it indicates that there is a surplus of capital in England which selects this as the most desirable form of investment. It may be true that more than the usual amount of Five-Twenties is now being "carried" by London bankers; but this is no more than naturally results from the enlarged legitimate inquiry, and cannot be an element of sufficient magnitude to threaten the equilibrium of the London money market. When the legitimate investment demand ceases, the distrusted speculation will decline. Moreover, in the matter of this class of securities, the London market always has a safety valve in the Continental markets, which are at all times ready to take them when the former is over supplied. The interference of the Bank might force a certain amount of Five-Twenties from London to Frankfort, to the loss of the Exchange and the gain of the Bourse; but, only for a moment, could it check the natural outflow of our securities, or the speculation naturally attendant thereon. We scarcely think the Bank managers need to be taught these elementary lessons; although their apparently too-ready spokesman of the *Times* may.

HORSE RAILROADS.

We have obtained the following returns of the various horse railroads in the State of New York, showing their condition at the close of 1868, and their receipts, etc., during that year.

Name of Road.	Cost of road & equipment.	Capital stock paid in.	Total funded debt.	Total floating debt.	Length of road laid in miles.	Total of pass. carried in cars.	Payments for p. n. main-tenance & repairs.	Receipts from passengers.	Total receipts.	Pay-ments for interest & dividends.	Pay-ments for other items.	Total
Albany Railway.....	\$135,413	\$88,900	\$40,000	\$5,000	5.50	\$993,810	\$63,018	\$85,750	\$64,011	\$2,850	\$4,929	\$174,407
Bleecker street and Fulton Ferry.....	1,147,127	30,000	34,000	30,713	9.00	4,975,876	250,506	277,844	302,546	61,081	1,477	1,007,437
Broadway (Brooklyn).....	277,169	200,000	35,000	29,067	8.83	1,894,412	80,318	107,012	116,173	8,350	17,374	307,427
Broadway and Seventh Avenue.....	522,894	2,100,000	1,900,000	7,503	8.00	11,077,844	470,738	664,227	664,692	112,410	25,700	1,744,407
Brooklyn, Bath and Coney Island.....	156,838	80,000	30,000	7,503	7.00	331,937	23,400	24,164	24,571	.....	.....	1,174,407
Brooklyn City.....	1,401,354	1,500,000	300,000	14,371	6.50	2,063,604	10,102	118,775	120,424	24,671	180,000	1,174,407
Brooklyn City and Newtown.....	669,620	400,000	200,000	14,371	6.50	2,063,604	10,102	118,775	120,424	24,671	180,000	1,174,407
Brooklyn and Rockaway Beach.....	301,757	144,600	45,000	2,500	3.50	734,184	10,438	18,008	20,621	3,150	.....	109,708
Buffalo street.....	318,908	60,000	186,000	109,500	8.81	1,890,486	72,555	169,784	90,734	4,689	.....	84,344
Bushwick.....	264,982	293,200	2,000	5,040	2.73	344,955	17,403	20,379	20,508	.....	.....	20,435
Central City.....	29,757	21,150	6,000	.....	1.23	357,474	14,547	18,451	18,644	486	.....	16,434
Central Park, North and East River.....	1,627,020	1,065,200	696,000	33,644	24.00	9,322,078	494,120	493,360	512,963	39,860	.....	688,640
Coney Island and Brooklyn.....	645,924	500,000	218,000	19,888	10.30	1,850,383	180,085	118,361	191,697	12,053	.....	219,057
Dry Dock, E. Broadway & Battery.....	772,802	1,200,000	700,000	.....	10.73	12,068,221	638,269	664,688	669,173	40,319	.....	644,375
Fifth Avenue.....	1,455,161	1,000,000	203,000	.....	10.00	12,068,221	638,269	664,688	669,173	40,319	.....	644,375
Forty-Second st. & Grand st. Ferry.....	1,011,304	748,000	200,000	.....	5.12	5,182,869	254,117	334,972	341,780	18,300	74,800	349,117
Genesee and Water street.....	54,199	42,500	9,000	400	3.00	154,321	7,743	8,332	10,359	7,743	.....	7,743
Grand street and Newtown.....	200,000	170,000	20,000	2,500	3.00	1,201,659	67,543	71,408	72,700	2,775	.....	80,971
Harlem B. Morrisania & Fordham.....	239,063	113,230	130,000	.....	5.00	896,695	68,650	60,008	88,767	8,694	.....	87,629
Kings on and Rondout.....	78,983	75,000	15,000	.....	3.35	206,080	18,801	17,553	22,970	83	2,500	21,354
North Avenue.....	468,223	797,320	15,000	.....	6.00	1,232,243	95,253	91,374	95,847	11,300	.....	101,453
Rochester City and Brighton.....	70,363	59,000	167,000	.....	9.00	504,746	20,370	30,384	31,489	412	.....	21,482
Second Avenue.....	1,452,392	800,000	700,000	170,963	8.00	8,452,993	440,960	507,179	512,665	18,370	.....	499,231
Sixth Avenue.....	1,758,916	750,000	250,000	.....	4.00	10,039,036	600,061	601,193	635,340	15,764	75,000	660,835
St. Lawrence and Geddes.....	25,978	25,000	25,000	.....	2.00	101,638	8,229	13,600	14,380	1,700	1,000	1,539
St. Lawrence and Onondaga.....	31,000	31,000	35,000	.....	1.88	167,693	5,782	7,894	7,894	.....	.....	6,883
Third Avenue.....	2,745,277	1,170,000	1,500,000	60,000	8.00	22,000,000	932,892	1,239,396	1,487,424	100,461	140,400	1,487,424
Troy and Albany.....	72,463	44,700	50,000	12,973	3.14	924,623	17,639	16,311	16,449	1,250	.....	19,955
Troy and Lansingburgh.....	393,967	25,000	100,000	81,005	9.36	2,961,438	161,915	152,652	154,681	14,546	.....	184,029
Utica, Clinton and Binghamton.....	305,827	121,400	200,000	1,200	13.00	718,273	63,000	72,317	80,463	13,183	.....	76,383
Van Brunt st. and Erie Basin.....	87,000	75,000	12,000	1,612	1.25	443,121	13,659	17,810	17,924	7,063	2,000	18,769
Watervliet Turnpike & Railroad Co.....	297,144	240,000	121,000	4,000	7.25	1,279,553	86,302	110,746	117,192	9,579	9,660	108,383

• Road sold on foreclosure of mortgage to C. Godfrey Gunther.

† Includes amount paid for Niagara st. Railroad.

‡ Formerly Utica and Waterville.

ON THE AGRICULTURAL STATISTICS OF THE UNITED KINGDOM.

BY JAMES CAIRD, ESQ.

[Read before the Statistical Society, March, 1868.]

I.

I hold in my hand a little blue book which has cost the country ten thousand pounds, and yet it is one of the cheapest ever published at the public expense. It contains the agricultural returns of 1867, obtained from nearly five hundred thousand persons, on every farm, large and small, in Great Britain; and the more it is studied the more clearly will it show the immense value to the public of the facts which it embraces, and the brief yet perspicuous manner in which they are presented. The greatest credit is due to the departments through which they have been gathered—to the Inland Revenue, by whose organization this most extensive inquiry has been conducted, and to the statistical department of the Board of Trade, by whom the returns have been collated and elaborated.

Twenty years' experience has now been gained of free trade in corn. In that time we have imported nearly one hundred and twenty million quarters of wheat, which is a yearly average four times greater than that of the twenty preceding years. Since 1861, the annual imports of all kinds of corn have averaged three million tons in weight, equivalent to one voyage of the total tonnage of the United Kingdom employed in the foreign trade. The official value of these yearly imports has ranged during that short period between twenty and forty millions sterling. Of the whole corn of all kinds consumed in this country, we receive one-fourth from abroad, and for the great staple—the staff of life—wheat, we are dependent on the foreigner for one-third of our annual supply.

Returns which have given us a basis of certainty, upon which to compute our annual requirements, and to provide for them—and which will tend to prevent panic, and sudden and unnecessary fluctuations, in interests so vast and important—are indeed cheaply purchased by so small a cost. It will be my task in this paper to exhibit their general results, and to show some of the modes by which they may be used for the public advantage.

It may be interesting at this point to note in a single paragraph the principal changes which have taken place in English agriculture during the last three centuries. In the middle of the sixteenth century, beef and pork were sold at a halfpenny a pound, mutton and veal at a halfpenny half farthing. The preamble of the statute fixing these prices, states that these "four kinds of butchers' meat were the food of the poorer sort."

But there was a scarcity of corn. Laws were therefore enacted against throwing the land into pasture. The number of sheep allowed to be kept by one farmer was restricted to 2,000. No corn was allowed to be exported. An acre of good land in Cambridgeshire was let at a shilling. A hundred years later there seems to have been a regular importation of foreign corn, it having been computed that £2,000,000 went out in one year to pay for it. The high price led to increased home production. Then began a new policy. Not only was the exportation of corn allowed, but it was stimulated by a bounty. A hundred years later, in 1753, corn riots disturbed the country, and continued during that and the following years, in consequence of the high price of corn, alleged to be caused by the bounty on its exportation. After that the country passed through a period of protection against foreign corn, and a stimulus was thus offered in a different direction to its home growth. When that policy finally disappeared in 1848, the great bulk of the people had ceased to know anything of butchers' meat, except as an occasional Sunday luxury. Now, after twenty years of free trade, clear of all stimulus of bounty or protection, the natural balance brings us round to a position in which every country, according to its own interests, has become tributary to us for the various supplies that we require; our own soil is applied to the production that each man finds most remunerative; and, participating in the general welfare, the great body of the people are able to share, not only in the bread, but in the meat from which their fathers for three generations were compelled to abstain.

The chief advantage of the returns is the certainty we have thereby obtained of the acreage of our various crops, and of the numbers of the different kinds of live stock. If we compare the facts now ascertained with the estimates most carefully prepared in 1853, by that eminent authority, the late Mr. McCulloch, we find a remarkable agreement in the total acreage of corn, but a great difference in two of the principal kinds. The wheat is nearly the same in both—3,640,000 in the returns, and 3,750,000 in the estimate. In barley there is an immense discrepancy, especially as regards England, where 2,000,000 acres are returned, and 1,000,000 estimated. For Scotland and Ireland the error is the other way, 388,000 acres being returned, and 750,000 estimated. In oats the discrepancy is about 1,000,000 acres, much of which can be accounted for by the ascertained diminution which has taken place since 1853, the date of the estimate. And, in regard to barley, there cannot be a doubt that a great increase since that time has been made to the acreage, from the gradually rising proportion which of late years the price of barley has borne to wheat.

I cannot leave this part of the subject without recording my admiration

of the general accuracy of Mr. McCulloch's estimate of the total acreage of corn, viz., 11,470,000, as compared with 11,450,000 shown by the returns.

Nothing like the same accuracy is to be found in some of the estimates of live stock. In 1836, the number of cattle in the United Kingdom was estimated by one writer, quoted by a leading agricultural authority, at 15,400,000. The actual numbers now are found to be 8,700,000. The sheep in Great Britain were estimated at 48,000,000; the actual numbers are 28,000,000. The pigs were estimated at 18,000,000: the actual numbers are 4,000,000. In number and value that great branch of our national property, the live stock, seems thus to have been estimated at 100 per cent more than really existed!

The changes that have taken place in Scotland and Ireland during the last ten years are shown in the returns, and are very considerable, the acreage of wheat having dropped one-half in that period. The loss of wheat in Scotland has been recovered by a nearly equal increase in barley and oats, but in Ireland there has been a loss also in each of these crops of about a sixth. It is nearly compensated by a gain, during the same period, of 120,000 cattle, 1,000,000 sheep, and 278,000 pigs. The most striking change recorded is seen by the Irish returns—conducted so ably for more than twenty years by the registrar-general, Mr. Donnelly—which show in the following figures the production of corn and potatoes :

		Corn. Qrs.	Potatoes Tons.
1857.	Total estimated yield.	11,500,00	\$500,000
1866.	" " "	8,800,000	3,000,000

These ten years mark a great change in the husbandry of Ireland, the production of corn having fallen nearly one-fourth, while that of potatoes has declined one-seventh. That a change in the same direction in regard to corn has been going on in England, I have no doubt, though not to anything like the same extent. But the rapidity and magnitude of the changes which are now known to have taken place in the breadth of corn land, in Ireland and Scotland, are most convincing proofs of the public advantage of annual returns for the whole kingdom.

II.

The acreage having been obtained, the first step, in reckoning the produce of the crop, is to find the yield per acre of an average of years, and the influence of seasons on the yield of each year. I here confine myself to the yield of wheat, which is the staple bread corn of the country.

No one can have studied this subject without being impressed with the great care bestowed on the question by Mr. Jacob, Mr. Tooke, Mr. New-

march, and Mr. McCulloch. When, therefore, in putting forth an estimate of our crops in 1851, I felt myself obliged to differ from these very eminent authorities, I ventured to do so only from the conviction that the extent of my own inquiries, as *Times'* commissioner, in nearly every county in England, had given me a command of facts not before accessible. Thirty to thirty-two bushels of wheat an acre had been accepted as the average produce of this country. The facts I had ascertained led me to fix it, in 1850, at not more than $26\frac{1}{2}$,—and, notwithstanding the improvements which in the last 18 years have been made, I do not believe that the average yield of England, at this time, exceeds 28 bushels.

After a certain point is reached, the progress of average yield per acre, is very low. Arthur Young, in 1770, summed up the result of his inquiries at an average of 23 bushels an acre. In 1850 mine gave $26\frac{1}{2}$, the whole increase in 80 years being thus only $3\frac{1}{2}$ bushels. Careful inquiry and observation lead me to the conclusion that, in the 18 years which have since elapsed, it would not be safe to take credit for an increase greater than $1\frac{1}{2}$ bushel, and even that is nearly twice the rate of progress of the preceding 80 years. We must not forget that a large portion of the wheat land of England is clay of moderate quality, as is proved by the fact that there are still 1,000,000 acres every year in bare fallow. The average produce of wheat in Ireland during the last 20 years, has been found to be a little under 24 bushels. But even this is higher than that of any of our European neighbors, and 50 per cent above the average of France. Taking the proportion of acreage in England and Ireland, I find 27 bushels to be the average yield of the United Kingdom.

The influence of seasons on the yield is the next step to be considered. Its magnitude and effects are very easily illustrated. Of the last 20 years, 1854 and 1863 were the most prolific seasons; 1853 and 1867 the worst. The difference in weight and yield of wheat in 1863 and 1867, was equal to 14 bushels an acre; 1863 having been $8\frac{1}{2}$ bushels above the average; and 1867 $5\frac{1}{2}$ below it. The result is as follows:

Cost of wheat and flour, 1863.....	£40,000,000	£.....
Of which paid for foreign corn		6,100,000)
Cost of wheat and flour, 1867.....	70 000,000	.....
Of which paid for foreign corn.....		33,500,000
Difference caused by bad season.....	£30,000,000	£27,400,000

Not only is the price augmented to the consumer by the whole amount of this loss, but nearly the whole of it goes out of the country. There are many here more competent than I to reckon its influence on trade and commerce; and to estimate the value of being early forewarned, that £30,000,000 more will be required in a given year to pay for the bread

corn of the people, and 27,000,000 more gold be exported in its purchase from abroad.

I have framed the following table, showing the fluctuations of the seasons, and their effect on the yield of wheat in the last 20 years, on the basis of the experiments of Mr. Lawes, in Hertfordshire, which have proved a very satisfactory index of the general yield over the chief wheat producing area of the kingdom, and are indeed the most instructive series of facts for the guidance of the British corn-grower on record.

	Yield in Bushels Minus or Plus the Average.		Yield in Bushels Minus or Plus the Average.
First Cycle of Six Years—		1858.....	+ 6
1848.....	- 5½	1859.....	average
1849.....	- 1	Third Cycle of Six Years—	
1850.....	- 5	1860.....	- 3
1851.....	- 3	1861.....	- 1
1852.....	- 7	1862.....	+ 5
1853.....	- 16	1863.....	+ 12½
Second Cycle of Six Years—		1864.....	+ 7½
1854.....	+ 9	1865.....	+ 4
1855.....	+ 1	Fourth Cycle—Commencement of—	
1856.....	+ 1	1866.....	- 2
1857.....	+ 7½	1867.....	- 6

A careful consideration of these figures will bring out many points of interest affecting the revenue and wealth of the country, and the comfort of the people. For it is well that we should remember that every requisite of food or clothing is an annual product of the earth, yielded, no doubt, to a large degree, in proportion to the ingenuity and industry employed on it by man. But when man has done his utmost, the result is determined by influences beyond his control. In the literal words of the apostle, Paul may plant and Apollos water, but God giveth the increase. Of those substances on which life and health, day by day, depend, there is every year a new production. There is not a single article of food and clothing that is not, directly or indirectly, of vegetable growth; not accumulated and stored away in the bowels of the earth like our mineral wealth, but dependent, year by year, on the sun and rain in due season. If we draw a line in the column, beginning with 1854 and ending with 1865, we shall find the remarkable fact, that in those 12 years there were 10 good harvests in England, and only two below an average. This covered the whole period of Lord Palmerston's successful administration. During these 12 years we had to bear the burden of the Crimean war, followed by the Indian mutiny, and the increased military expenditure begun in 1860. From 1855 to the last year, our annual expenditure has averaged £67,000,000 as against the £50,000,000 of preceding years, and during that period there has been an actual diminution of taxation of from £5,000,000 to £6,000,000, with no increase in the national debt. Can it be doubted that such a run of propitious seasons aided the gifted minister who conducted the finances of this country

to meet successfully our vast expenditure, not only without serious pressure on the people, but with largely increased development of their industry and resources?

Now, this element of uncertain seasons, against which man is powerless to provide, is in reality not so difficult to estimate in its effects as it appears. The great bulk of wheat in this country is produced along the eastern and southern seaboard, from York to Devon, and the adjoining inland counties, extending over little more than three degrees of latitude, within which climate and seasons are very much alike. Hence a few careful trials will very accurately reveal the yield over the whole region. The annual trials of Mr. Lawes, in Hertfordshire, which have been conducted with the greatest care for more than 20 years, have proved a wonderfully accurate test of the general yield of the country. That county is a nearly central point in the wheat region. But we need not limit ourselves to it. Accurate trials of yield in various parts of the district may be made by any one who will take the necessary pains; and according to the care and judgment bestowed, will be the benefit derived in an early appreciation of the result. As greater facility is acquired by experience in the collection of the returns of acreage, we may hope soon to have the facts published in August, or early in September. The abstract for Ireland was published for 1867 on 12th September. The public will then have only to apply to that acreage their own ascertained rate of yield, and the total crop of the year will be known. Our farmers being first in the market, and most competent of all persons to test the yield, will be in a position to derive the earliest advantage from the returns.

Let us now apply the preceding data to a calculation of the yield of the last harvest. By the middle of September let us suppose that we have had in our hands the returns of acreage. We take examples from various districts of the climate of the year, and find, on careful measurement after threshing, that the yield of wheat has been $6\frac{1}{2}$ bushels below the average, but of better than average weight, so that the actual deficiency is reduced to 6 bushels an acre, or 21 bushels instead of 27, as the yield of the crop for 1867 for the whole kingdom. We apply these figures to the acreage of wheat shown by the returns, and find that our last wheat crop will yield us only 9,700,000 quarters.

III.

Here enters the question of annual consumption, for on its amount and the degree in which it is affected by price, depends the extent of our further requirements.

On this important point in our calculations, I have prepared a table of

produce and imports for the five years preceding 1867, during which period the Irish returns show us that the breadth of corn has undergone little variation. It shows the fluctuation of yield and the total produce of each year, the foreign supply required and received during the succeeding year, the average price of that year, and the total supply of home and foreign wheat and flour in each year from 1862 to 1867. To this I have added my estimate of the produce of crop 1867.

Crop.	Rate of Produce of bushels per Acre.	Total Home Produce. Qrs.	Estimated Require- ments. Qrs.	Foreign Supply received during Succeeding Year. Qrs.	Average Price of that Year. s. d.	Total Supply Qrs.
1862....	29½	13,700,000	7,100,000	7,205,000	1863.... 44 9	20,905,000
1863....	25½	16,800,000	4,500,000	6,727,000	1864.... 40 2	23,027,000
1864....	32½	15,000,000	5,800,000	6,029,000	1865.... 41 10	21,029,000
1865....	29	13,400,000	7,400,000	6,850,000	1866.... 49 11	21,250,000
1866....	25½	11,700,000	9,100,000	7,283,000	1867.... 64 4	18,983,000
...	.....	...	33,900,000	34,094,000	.....	20,800,000
1867....	21	9,700,000				average of 5 years.

Within this short period is included 1863, the very best crop we have had for 20 years, and 1867, the worst but one. It presents in a very striking manner, therefore, the range of fluctuation in yield, supply, and price, and if carefully studied, will show how each affects the others. The first four years were productive, and, the imports exceeding our need, prices fell to the lowest point since 1853. In 1866 the crop was inferior, the price began to rise, and imports at once increased. But not at once to the extent of our requirements, which were met by the accumulation of stock during the previous abundant years. These had been nearly worked out when the very deficient harvest of 1867 was reaped.

A glance at the table will show the rapidity of the changes in our home supply and requirements, and will tend to confirm the accuracy of my statement of the average yield. It shows us that the average yearly consumption of the country during the last five years has been 20,800,000 quarters.

To what extent is that affected by price? On this point I had the advantage of hearing the opinion of Mr. Newmarch, lately expressed in this room, in which I generally concur. It was to the effect that the consumption of bread is very constant, that everything is given up before bread, and that bread being the staff of life, it must be had by the people whatever the price may be. This view is confirmed by inquiries which I have since made among some of the leading bakers in the most densely peopled quarters of Whitechapel in the east, and the Harrow Road in the northwest, one of whom has been 30 years in business, and has now

three shops in a district entirely inhabited by the working classes. Their testimony is, that the consumption of bread at present is very large, for although dear, it is still the cheapest article of food within reach of the poor; the next substitute, potatoes, being scarce and very dear. Still I feel persuaded that price has some influence, and that the rise on the quartern loaf of household bread from $5\frac{1}{2}$ d. in 1864, to 9d., the present price, must produce some effect on the total consumption. With that belief, I will assume that every 10 per cent of additional price on the loaf, diminishes the consumption by at least one per cent.

Having now ascertained the produce of the last crop, the average yearly consumption, and the probable rate of economy caused by high price, we are in a position to fix with as great a degree of certainty as is necessary for all practical purposes the supplies which the country will need till next harvest. The only other points affecting the calculation, are the amount of old stock in hand from previous harvest and imports, and the length of time, varying between $11\frac{1}{2}$ and $12\frac{1}{2}$ months, over which the pressure may extend before a new harvest can be reaped. These, however, are questions that will not greatly affect the price for the whole year, though they may cause fluctuation, and I think government ought not to offer any opinion on this, but leave it to the market. For the same reason, because it will to a certain extent be matter of estimate, government may very well leave all parties interested to ascertain for themselves the relative yield of each harvest, and to act as each sees fit on his own sources of information.

My view of the last crop, and of our probable requirements and supplies for the present year, is as follows:

	Qrs.
Average annual consumption.....	20,800,000
Home produce of 1867.....	9,000,000
	<hr/>
	11,800,000
Old stock on hand almost exhausted, and therefore no deduction can be safely made on account of it.	
	<hr/>
	Qrs.
Economy in consumption caused by high price, 5 per cent.....	1,040,000
Eight days' consumption, saved by lateness of last harvest....	400,000
	<hr/>
	1,440,000
Foreign supply required.....	9,000,000

This is at the rate of 800,000 quarters monthly.

Six months of the harvest year have now passed, during which our supplies have amounted to nearly 5,000,000 quarters. Thus far, therefore, the imports would appear to have equalled our requirements. And if my computations are well founded, the balance required during the six months till next harvest, is about 4,600,000 quarters. This is a monthly

rate of 765,000 quarters, or somewhat less than the rate at which, during the last six months, the high prices ruling have brought us foreign corn. In the corresponding six months of last year, our foreign imports exceeded 700,000 quarters monthly, when the price of the preceding six months was 10s. less than at present. I think, therefore, that no apprehension need be felt as to adequate supplies till next harvest.

It will be interesting to consider here the rate of price which, in the past 20 years, has been found sufficient to draw out supplies, and then to complete this question by a short consideration of the sources whence we draw our annual supplies.

In regard to the price, the first consideration, next to our own crop, is the character of the harvest in France. As a general rule, the seasons which are favorable or otherwise for England, are so also for France. In a good season, when we least require it, she gives us of her abundance, but we have to meet her as a competitor in the world's market, when, as in the last season, the crops in both countries are heavily deficient.

The worst harvest we have had in 20 years was 1853, following a deficient harvest in 1852. The deficiency of the home crop in 1853 was twice as great as that of 1867, but an average of 72s. 6d. in the following year, brought us sufficient supplies. 1860 and 1861 were short crops, but an average of 55s. 6d. sufficed to draw supplies. Since 1861 the crops have been above an average, till 1866, when the seasons changed, and the crop was short, and 1867, following on that, is the worst we have had since 1853. The pressure has been increased by the short crop of potatoes and their high price, and by the bad harvest in France, and generally in Western Europe. But up to this date our supplies have been ample, and we have some comfort in the prospect of the next crop, which was sown in one of the best seed times known, and, under the inducement of the high price at that time, on a largely increased breadth of land.

IV.

Some instructive tables are given in the returns, showing the area and crops of the various countries whence we draw our chief supplies of corn. The Board of Trade tables furnish the imports. The following figures, in their order, give the proportions in which the various countries, during the 12 years ending with 1866, have contributed to our wants in wheat:

	Per Cent.
United States.....	33
Germany	20
Russia.....	17
France	12
Egypt	6
Other countries.	10
	<hr/>
	100

The most distant region in the list gives us more than one-third of the whole. The crop reaped on the prairies of the Mississippi finds its way 1,000 miles to the seaboard, and is then transported 3,000 miles by sea, has to bear all the cost of a double transshipment, the profits and commissions and charges of the various persons through whose hands it must pass, and the final duty of 1s. a quarter, before it comes into competition with the home-grown crop. It is not many years since men could prove that the cost of a certain limited number of miles of transport would exhaust the entire value of corn, and that the range within which it was procurable for our wants, must be therefore comparatively limited. The extension of railways, the widening of canals, the use of steam elevators, and the ingenuity and enterprise of the American people, have wonderfully extended that limit. Russia, also, already a large contributor to us, will by the same means have her great plains brought, year by year, more within reach of Western Europe.

So widely spread are the sources of supply, that it is difficult to conceive any circumstance, but one, that could seriously affect us. We have, in the period to which I refer, had a war with Russia, during two years of which there was a total suspension of Russian supply. But Egypt and Spain, in those years, made up the whole of the deficiency. It has never happened that all the countries have had a bad season at the same time. If Western Europe fails, America or Egypt is prolific. In 1856 France could spare us only 30,000 quarters, but America gave us 2,300,000. In 1859 America sent only 100,000, but France, the same year, close upon 2,000,000. For the next four years, all through the war to the end of 1864, America was blessed with bountiful harvests, and poured upon us her superabundance, with little reference to price; and during these years France had very little to spare. But in 1865 and 1866 seasons changed again—America fell to 30,000 quarters, and France rose to nearly 2,000,000.

The one circumstance which might seriously affect us, would be a continued cessation of supplies from America. Of the 11,000,000 quarters we imported in 1862, she gave us five; and, as the figures show, we have received for many years from her, on the average, more than one-third of our yearly supply. In cotton, an import second only in necessity and value to corn, she gives us more than two-thirds of all we receive. Let us hope that interests so great and so mutually beneficial as those which bind together the two great Anglo-Saxon races, on opposite sides of the Atlantic, may be more and more cemented by acts of mutual confidence and good will.

How vast her capacity for export may become, it is impossible to conjecture. From the official returns of her last wheat crop, very little of

which can have yet reached us, she could, after retaining enough for her own consumption, spare us one half of all we shall this year require. She produces annually upwards of 100,000,000 quarters of Indian corn. Indeed, so great and so constant is the yield of this prolific grain, that there may be said to be practically no limit to the supply which in any year a sufficient price could bring into the market.

The effect of good or bad seasons is more intensely felt in all the chief corn countries than in our own. This arises from our higher average rate of produce, and the consequent smaller extent of surface at the mercy of the seasons. A bushel an acre, above or below the average, makes a difference to us of less than 500,000 quarters in the total yield. In the United States, each bushel indicates 1,500,000 quarters, and in France upwards of 2,000,000 quarters of variation. Hence the suddenness and severity of the fluctuations in those countries, as shown by their exports to us.

I cannot leave this part of the subject without noticing the extremely low average yield of wheat in France. She stands lowest in the scale. England I have stated at 28, Ireland is 24, Austria, Spain, and Holland 23, Belgium 21, and France only $15\frac{1}{2}$ bushels an acre. If this is a correct statement of the yield of France, her average rate of produce is less than that of the very worst crop in England during the last 20 years. It is, indeed, precisely the same as the yearly average produce of Mr. Lawe's experimental plot, on which, for 24 years in succession, he has grown wheat without manure.

In 1855, while travelling in France, my attention was drawn to the very low rate of her acreage yield of wheat, as compared with ours, and after publishing my own views on the question, I had an opportunity of discussing them with the eminent French statist, M. Leonce de Lavergne, who agreed with me that, apart from the difference in soil and climate, it is probably to be accounted for by the fact that, while our grass and green crops, or restorative area, are as two to one of our corn, France is exactly the reverse, her corn or exhaustive crops being as two to one of her grass and green crops. But she, too, is becoming more meat producing, and the margin she has to fill up, by increase of yield, is so wide, that a rise of only half the space between her present yield and that of England, would enable her to spare a surplus greater than we have ever yet required from all foreign countries in a single year.

V.

Having thus endeavored to explain what I conceive to be the main value of these returns, in affording a basis for reckoning, with accuracy, and at an early period, the supplies of corn needed for our consumption,

and having dwelt with some minuteness on the various elements which ought to be taken into the calculation, I will now touch on the other great branch of our agricultural wealth—the live stock; and then briefly consider certain changes in our agricultural management, revealed by the returns, which have naturally flowed from the adoption of free trade.

The returns of live stock having been made at different periods of the year, do not yet help us in speaking with certainty as to how far the losses by cattle plague have been made good. Up to October, 1867, when the plague had died out, about 130,000 cattle had died, and 57,000 healthy cattle had been killed to prevent the spread of the disease. The returns show an increase of 161,000 cattle in 1867 over the preceding year. So far numbers go, therefore, the actual deaths by disease would appear to have been fully made good. But until another year's return is made from the same period as 1867, we cannot depend on the figures representing the same comparative data. A like remark is even more applicable to sheep, the figures in the year 1867 being to a large degree, swelled by including lambs born at a date subsequent to that of the returns of 1866.

They enable us, however, to reckon the approximate number and value consumed as food, and, along with the returns of crop, to compare the value of our entire agricultural produce with the foreign supply. As this is a point of the greatest interest and importance, I have compiled a table with as much care and consideration as I can command, showing the average amount and value of the whole agricultural produce of the United Kingdom, consumed annually, the value of the same articles received from abroad, and the proportion in which the total supply is contributed by the foreigner:

	Home Produce.	Foreign Supply.	Proportion of Foreign to Total Supply.
Corn of all kinds.....	£34,700,000	£25,000,000	One-fourth.
Beef and mutton	47,200,000	4,500,000	One-fifth.
Butter and cheese.....	30,100,000	8,400,000	One-fifth.
Potatoes	18,000,000	200,000	One-fifth.
	£180,000,000	£40,100,000	One-fifth.

To these must be added the annual product of wool, £8,000,000, and of flax £2,000,000 sterling, but these enter into the manufacturing industry of the country, and do not come within our present inquiry. There is no return of horses for Great Britain, and they cannot therefore be included; and the pigs are comprised in the meal and potatoes.

The home produce is thus supplied by each of the three divisions of the kingdom:

	England.	Scotland.	Ireland.	Total.
Wheat	£28,500,000	£900,000	£1,100,000	£31,500,000
Barley	18,400,000	2,500,000	1,200,000	20,400,000
Oats ..	10,900,000	6,200,000	8,600,000	25,700,000
Beans, peas, and rye.....	6,500,000	350,000	50,000	7,000,000
Potatoes ..	4,100,000	1,900,000	12,000,000	18,000,000
Cattle and dairy produce	32,500,000	6,500,000	19,000,000	58,000,000
Sheep and wool.....	18,400,000	4,400,000	4,000,000	26,800,000
Flax.....	.....	.....	2,000,000	2,000,000
	£117,300,000	£23,500,000	£49,850,000	£190,650,000

And in the following proportions in each country per head of the population, and per head of the persons, according to the census of 1861, possessing or working the land, and engaged in its cultivation :

	England		Scotland		Ireland	
	Per Head.	Per Producer.	Per Head.	Per Producer.	Per Head.	Per Producer.
	£ s. d.	£ s.	£ s.	£ s.	£ s. d.	£ s.
Corn	2 18 6	32 2	3 5	30	2 3	12 15
Cattle and sheep.....	2 7 6	24 8	3 9	31 6	4 4 6	15 5
Potatoes	4	2 2	12	5 9	2 3	12 15
Flax.....	.....	..	.....	..	7	2 2
	£5 10	£60 12	£7 6	£66 15	£8 17 6	£52 17

Though these figures are offered only as an approximate valuation, they are interesting as indicating the relative results of agriculture in the three divisions of the kingdom, and the important share which Ireland, even in her present depressed condition, contributes to the whole supply of food.

The foreign produce in greatest supply, is that which can bear longest carriage, and can be packed in least bulk. Whilst we receive one-fourth of our corn, cheese, and salt butter from abroad, the foreigner sends us, as yet, only one ninth of our meat, and one ninetieth of our potatoes. Those who can recall the controversies of 20 years ago, on the probable effects of free trade, will, I hope, pardon me for introducing a passage written by me at that time, in which I then ventured to speculate on the probable effect of free trade on British agriculture : "As the country becomes more prosperous, the difference in the relative value of corn and stock will gradually be increased. The production of vegetables and fresh meat, hay for forage, and pasture for dairy cattle, which have hitherto been confined to the neighborhood of towns, will necessarily extend as the towns become more numerous and populous. The facilities of communication must increase this tendency. Our insular position, with a limited territory, and an increasingly dense manufacturing population, is yearly extending the circle within which the production of fresh food—animal, vegetable, and forage—will be needed for the daily and weekly supply of the inhabitants and their cattle, and which, both on account of its bulk, and the necessity of having it fresh, cannot be brought from distant countries. Fresh meat

milk, butter, vegetables, and hay, are articles of this description. They can be produced in no country so well as our own, both climate and soil being remarkably suited to them. Wool has likewise increased in value as much as any agricultural product, and there is a good prospect of flax becoming an article of extensive demand, and therefore worthy of the farmer's attention. The manufacture of sugar from beet-root may yet be found very profitable to the English agriculturist, and ought not to be excluded from consideration. With the great mass of consumers, bread still forms the chief article of consumption. But in the manufacturing districts, where wages are good, the use of butchers' meat and cheese is enormously on the increase; and even in the agricultural districts, the laborer does now occasionally indulge himself in a meat dinner, or season his dry bread with a morsel of cheese. Among the better classes, who can afford it, the expenditure in articles the produce of grass and green crops, is nearly nine times as great as in corn.

"This is the direction in which household expenditures increases when the means permit. It is reasonable to conclude that the great mass of the consumers, as their circumstances improve, will follow the same rule. The only species of corn which has risen materially in price since 1770 is barley, and that is accounted for by the increasing use of beer, which is more a luxury than a necessary of life. Every intelligent farmer ought to keep this steadily in view. Let him produce as much as he can of the articles which have shown a gradual tendency to increase in value."

Writing now, with the additional experience of 18 years of free trade in corn, I can do no better than repeat that advice. The great margin still to be filled up by our own farmers is the daily supply of fresh meat, fresh dairy produce, vegetables, and barley. Since 1850 the price of bread, on the average, has remained the same, while that of meat, dairy produce, and wool has risen 50 per cent, notwithstanding an immense and increasing import of these articles. This and the steadily advancing price of barley, to which I then referred, is the true explanation of increasing rents and agricultural prosperity, notwithstanding increasing receipts of foreign corn.

In the production of barley, as in that of long lustrous wool, this country is still without a rival. Since 1835, when tithes were commuted into a money payment, the average value of the three kinds of corn together has not, on the whole, altered; but the price of wheat has fallen 12 per cent, while barley has risen 8, and oats 4. The growth of barley in this country has nearly doubled in extent within the last 20 years. While it yields the largest weight per acre of any kind of corn, it seems the least exhaustive to the soil, and leaves it in the best condition, as it occupies the ground for the shortest period from seed time to maturity.

VI.

I come now to the application of my paper by the question, how much do these vast supplies yield to the daily wants of the people, in what proportions are they distributed among them, and what modifications seem probable in our system of husbandry?

Writers on dietetics tell us that one pound of bread, one pound of potatoes, and one pound of meat are required for the minimum of daily healthy diet. I have computed the amount of all our supplies, home and foreign, of wheat, potatoes, and meat, have converted the wheat into flour, and the flour into quartern loaves, and I find that if our bread, potatoes, and meat were equally spread over the population of the United Kingdom, the present supply would give one pound of bread and one pound of potatoes, but only two ounces of meat, and the equivalent of one ounce of butter or cheese daily to each person. But it is not equally spread, the proportions in Britain and Ireland being really very different. The people in England and Scotland have among them a pound and a quarter each of bread, and half a pound of potatoes a day; the people in Ireland four and a half pounds of potatoes each, and only a quarter of a pound of bread.

Whilst there is thus in Ireland still far too great a dependence on the potato for food, there would seem to be room in England for some additional supply of that esculent, so wholesome as a portion of diet. The home supply might be increased with great advantage to the consumer by the extension of potato husbandry on suitable soils, in all English counties, near the seats of large populations.

The proportion of population in various European States to each acre of potatoes, and therefore the degree of their dependence on it for food, affords a tolerable indication of their material prosperity. They stand in the following order: England 66 people to each acre of potatoes; Wales, 26; Scotland, 20; Denmark, 20; Belgium, 13½; Holland, 13; France, 12½; Sweden, 12; Prussia, 5½, Ireland, 5½. Prussia and Ireland thus stand out pre-eminently as potato countries. They have consequently suffered the most severely by the disease of that root, and the emigration from both countries has been greater than from all other European States. But, notwithstanding the past, so great is the temptation presented by this prolific root to the necessities of a poor population, that its culture in Ireland within a very few years after the famine rapidly revived, and at this moment the production of potatoes in proportion to the diminished numbers of the people, and their dependence on it for their food, is almost as great as it was before 1845.

In Prussia, the production of potatoes is also enormous, but the root is not used as in Ireland, solely as an article of food. The German excise regulations are framed as to admit of greater freedom of action on the

part of the farmer, who is thus enabled to unite with his agriculture the business of distillation. He extracts the spirits for sale, and retains on his farm the other feeding properties which his roots possess. Two million tons of potatoes are thus annually disposed of in Germany. German spirits find their way all over Europe, and, notwithstanding the enormous rate of duty to which, in common with the spirits produced in those countries, they are everywhere subjected, the business thrives and increases.

All our root crops contain varying proportions of sugar, which in many cases might, in one form or another, be extracted with advantage on the farm; the other qualities of the root being used for cattle food. But the stringency of our excise laws has hitherto prevented every attempt so to utilise it. Now the British Islands, and Ireland especially, are pre-eminently fitted for the production of root crops and barley. Why should they be restricted in the conversion of these to the most profitable use? The time seems to have come for a reconsideration of our excise laws, and for the substitution, if it be possible, of such a system of levying duties as should leave to the producer the most perfect freedom for the fullest development which skill and capital might enable him to make.

In the extract already read, reference was made to flax and to sugar, as articles likely to form a future object of culture to the British farmer. Flax has now attained considerable importance in Ireland, the annual value of the home growth in recent years exceeding £2,000,000, or nearly one-half of the total value used in that important branch of our manufactures. Sugar from beet was tried in Ireland 20 years ago, but failed, chiefly for want of the necessary arrangements to carry out the extraction and purification of the juice. The question has this year been revived by some persons as a remedy for the ills of Ireland; by others as a branch of national industry, which, if it succeeds, will be alike advantageous to the agricultural interests of the United Kingdom, and to the consumers of sugar. The steady and continuous extension of beet-root sugar on the continent, within recent years, sufficiently proves its remunerative character, for wherever the culture has been established, the employment and wages of labor have been increased, the number and quality of fattened cattle have augmented, and the land has become more productive and more valuable. Having been consulted as to the most suitable county in which to make a beginning in England, I examined the agricultural returns, and suggested Suffolk, that county being the most extensive producer of mangold near the metropolis. And I am glad to be able to announce that arrangements have now been completed to try the experiment in that county, this year, on a scale sufficiently large to test its probable success.

I might now proceed to many most interesting points, affecting agricul-

ture, disclosed by these returns—such as the relative productiveness of districts of large and small farms, of corn and grass, of sheep and cattle, of dairy husbandry, of the course of crops in particular districts, of the importance and wealth of certain counties as compared with others, the extent of farms as influenced by climate and soil, on all of which the most valuable information is afforded. But these questions must be left to other laborers, or to another time. Suffice it now, in conclusion, to say that the effect of free trade on the food of the people of this country has been to moderate the price, and immensely increase the supply of food. And for my own part, I feel thankful that in the House of Commons I was the instrument of carrying a resolution which led to the collection of these returns. For, in supplying a basis of certainty in the acreage, they have given us the power of answering, with accuracy and in good time, the question whence the 30,000,000 people, who live within the narrow limits of the British islands shall, year by year, be provided with their daily bread.

NOTE.—The prices and proportions on which the valuation of the annual produce of live stock were, are as follows: Dairy produce of cows in England, £10 each; in Scotland, £8 each; in Ireland, £7 each. One-fourth of the whole of the cattle in the respective countries is assumed to be sold annually at £16 each in England, £14 in Scotland, and £10 in Ireland. Of sheep, the wool is valued in England and Ireland at 8 shillings a head, and in Scotland at 6 shillings. One third of the sheep in number in England and Ireland, and one-fourth in Scotland, are assumed to be sold every year at an average price of 35 shillings each.

“WATERED” RAILROAD CAPITAL.

[Communicated]

Your remarks upon the “watering” of railroad stocks in the last number of the *MAGAZINE* have attracted much attention and deservedly so from their inherent force and general truthfulness. It appears to me, however, that, in your zeal to check an indisputable evil, while you have spoken nothing but the truth, you yet have failed to give the whole truth. Permit, therefore, a careful reader of the *MAGAZINE* to present a few considerations which, taken together with your remarks, may perhaps afford a more complete survey of the question.

The original capital of our railroads cannot be said to represent their value in their present condition. The roads have been built gradually, the structure produced from the original capital being a mere skeleton of ties and rails, running through country of but little value and costing but a nominal sum to the companies. From the year of their opening, up to the present time, they have been undergoing a steady process of completion, until at last our leading roads, in respect to solidity of structure, quality of work, and equipment, compare favorably with the railroads of Europe. Fragile wooden bridges and trestle viaducts have been in many

cases substituted by works of masonry; stations which originally were little better than frame barns, have been replaced by commodious, frequently handsome and generally durable erections; store-houses have been enlarged or new ones built on the larger roads; immense workshops have been erected and completely furnished; on roads having their termini on the lakes or the rivers, extended wharfage accommodation has been provided; in not a few instances iron rails have been replaced by steel, and thousands of miles of road have received an additional track, while the rolling stock has been largely increased and improved. This process of completion has been conducted not by subscriptions of new capital, the system very generally adopted on the English roads, but, as a rule, by the steady absorption of a certain proportion of the earnings, which otherwise would have been available for dividends. The amount required each year for these purposes has not been large and did not appear to call for new issues of stock, so long as the stockholders were willing to forego dividends for the permanent improvement of their property. When this process, however, has been carried on for a period of twenty or thirty years, it is evident that a very large aggregate of new capital has been put into the roads, without any corresponding change in the capital stock. Moreover, the real estate of the companies has largely increased in value, even without taking into account the inflation growing out of the existing financial derangements. The roads have opened new territory, and have been instrumental in the building of towns and cities on their route, thus giving a value to their own lands and buildings, largely in excess of their original cost; and this appreciation must be regarded as permanent, under any and all future fluctuations in values. The construction effected by the use of earnings, until 1863, was upon a low scale of prices; while, since that period, high prices have checked construction works, leaving a larger proportion of the receipts for dividends.

Now, if for a quarter of a century the earnings of the roads have been steadily reinvested in permanent structures and appurtenances, it is clear that in no sense can the original stock be said to represent the capital actually put in by the shareholders. The primary capital may be viewed as what was required to start the roads; the capital since contributed was needed to complete and expand them, adapting them to the constantly growing wants of the country. The later accretions of capital are unrepresented in the nominal capital; "watering" proposes to give them a formal recognition; and neither more nor less. It would be interesting to learn wherein this course is unsound in *principle*. If there ought to be any correspondence between the nominal capital and the actual investment, why should not the capital contributed since the opening of the roads be represented in the capital stock? I think the enemies of "watering" would find it difficult to give a candid answer to this question.

There is, however, a very proper *policy* underlying most cases of "watering." The improved condition and capacity of the roads, effected by these gradual reinvestments of earnings, has increased their profits to such an extent as to enable them to pay enormous dividends upon the original limited capital. Legislatures view corporations with a superficial and sometimes ignorant jealousy; and these liberal dividends naturally tempt them to curtail the privileges and reduce the fares of the roads to a point which will bring down the dividends to what they conceive to be a fair percentage on the capital stock. This sort of interference is essentially unjust. The large earnings are not the product of the original limited capital represented by the stock, but equally of the large subsequent contributions paid by the shareholders out of the annual earnings. If the stockholders are to be allowed only a moderate dividend upon their original investment, then they are to be deprived of income from the funds which for twenty or thirty years they have been investing in the roads instead of receiving them in dividends; in other words, the public are to be benefitted by the spoliation of the stockholders. Railroad capitalists see themselves to be imminently exposed to this injustice; and they therefore deem it prudent, in order to place themselves in a true position before the public and the legislatures, to bring up the capital stock of the roads to a point more nearly representing the amount actually invested by the stockholders. This may be thoughtlessly denounced as "watering" or "inflation;" but I do not hesitate to put it before the sober, reflecting readers of the CHRONICLE as challenging the closest scrutiny upon the most conservative grounds.

Yours, &c.,

A CONSERVATIVE STOCKHOLDER.

MILWAUKEE AND ST. PAUL RAILWAY.

The corporation owning the Milwaukee and St. Paul Railway line is a consolidation of the Milwaukee and St. Paul Railway (Milwaukee to La Crosse) and the Milwaukee and Prairie du Chien Railroad (Milwaukee to Prairie du Chien) Companies, a consolidation perfected in 1868 by the purchase of the latter by the former company. The line in Iowa and Minnesota was acquired by the assumption of its cost and indebtedness. During the last fiscal year the company extended their Northern line from Omro to Winneconne (opened November, 1868) a distance of five miles, and at the close of said year were engaged in the completion of the Watertown branch from Sun Prairie to Madison, a distance of about 12 miles. The opening of the latter section of road will shorten the distance

between Milwaukee and the Mississippi River by about 17 miles. The company have also purchased the elevator at Milwaukee for \$300,000, so that the several roads now owned by the company may be described as follows:

Milwaukee, Wisc., to Prairie du Chien, Wisc.....	193 miles.
Prairie du Chien, Wisc., to St. Paul and Minneapolis, Minn.....	215 "
Milwaukee, Wisc., to La Crosse, via Wauwatosa, Wisc.....	196 "
Milwaukee, Wisc., to Portage, via Horicon, Wisc.....	45 "
Horicon, Wisc., to Berlin and Winneconne, Wisc.....	58 "
Wauwatosa, Wisc., to Sun Prairie, Wisc.....	26 "
Milton, Wisc., to Monroe, Wisc.....	42 "
Total length of all the lines.....	825 miles

The rolling stock in use on the several lines at the close of 1868 consisted of 135 (an increase in the year of 10) locomotives; 64 (increase 4) first class, and 10 (increase 2) second class passenger cars; 6 sleeping cars; 53 (increase 5) baggage, mail, and express cars; 2,070 (increase 220) box freight cars, and 430 (increase 32) flat and stock cars. The repair and renewal of track in 1868 consumed the following, viz.: new iron rail 704 tons; new steel rail 115 tons; rerolled rail 5,784 tons; splices 385,900 lbs.; chairs 139,054 lbs.; bolts 112,085 lbs., and spikes 357,097 lbs. Also 190,770 cross-ties. The value of fuel and supplies on hand at the close of year amounted to \$509,882 62. The company now have several new connections in process of construction. 1. *McGregor and Sioux City Railway*. The franchises of this company have been purchased by the Milwaukee and St. Paul Company as far West as Charles City, about 50 miles, and are to be paid for in shares and first mortgage bonds. This portion of the line will be completed before the harvest. The Western portion will be built by the McGregor and Sioux City Company at the rate of 60 miles per annum. Probably the Milwaukee and St. Paul Company will absorb the whole line, which, when completed, will, it is thought, become the best part of the Company's property. 2. *West Wisconsin Railway*—Extending from Tomah on the La Crosse division to St. Paul. The road is already completed to Black River Falls, and being operated by the Milwaukee and St. Paul Company. 3. *Southern Minnesota Railway*—From La Crescent, opposite La Crosse, is now completed to Lanesboro', a distance of 50 miles. 4. *Hastings and Dakota Railroad* is open from Hastings to Farmington, 17 miles, and is being pushed on to the Missouri River, the Western terminus to be at or near the mouth of the Washtee or Good River. 5. *Minnesota Valley Railroad*—open from St. Paul to Mankato, about 100 miles, with a fair prospect of rapid extension much further up the rich valley of the Minnesota River. 6. *St. Paul and Pacific Railroad*—extending northwesterly from St. Paul about 60 miles, with a view of ultimately reaching the Pacific Ocean near Astoria, Oregon. It is understood that certain Dutch

capitalists have this project in hand. 7. *Lake Superior and Mississippi River Railroad*—is already built from St. Paul toward Lake Superior, about 30 miles, and promises to reach a point on that lake during the current year.

The importance of these connecting roads is evident. They are either extensions of the Milwaukee and St. Paul road, or will become valuable feeders to that work. The principal freight of all and each will be the lumber of Minnesota for consumption on the prairies, and the coal and provisions of Iowa for use in Minnesota, Wisconsin, &c., and for transmission to the lake ports and Canada. Such an interchange of commodities will fill the cars both ways.

The following is a summary of operations on the several divisions of the company's railways for the fiscal year 1868, and of the results thereof:

	La Crosse & Northern.	Prairie du Chien.	Iowa & Minnesota.	Total of all Divisions.
Miles run by trains.	(375 m.)	(235 m.)	(315 m.)	(925 m.)
Passenger.....	421,703	275,019	160,690	857,412
Freight.....	634,139	615,789	289,947	1,539,875
Wood and gravel.....	140,362	90,605	93,647	324,614
Total miles run.....	1,196,194	961,413	544,284	2,721,891
Tons of fuel h. carried.				
Tons, eastward.....	336,955	295,741	137,656	740,352
" westward.....	168,637	157,463	6,113	394,213
" both ways.....	505,592	453,204	205,769	1,164,565
Tons carried one mile.				
Tons, eastward.....	38,390,608	32,950,965	12,327,399	83,668,992
" westward.....	16,728,644	13,867,296	5,781,483	36,377,063
" both ways.....	55,119,252	46,818,261	18,108,882	120,046,055
Tonnage & storage revenue.				
Revenue eastward.....	\$1,205,012 37	\$1,016,792 52	\$450,155 74	\$2,671,960 63
" westward.....	728,553 85	497,389 62	288,600 38	1,514,573 85
" both ways.....	1,933,566 22	1,514,182 14	738,756 12	4,186,534 48
from storage.....		189 64	79,559 77	79,749 41
Tonnage revenue per mile.				
Per mile eastward.....	3.14c.	3.09c.	3.65c.	3.19c.
" westward.....	4.35	3.59	4.99	4.16
" both ways.....	3.51	3.23	4.08	3.49
Passengers carried.				
Passengers eastward.....	170,927	135,563	61,395	367,885
" westward.....	206,623	150,150	69,925	426,698
" both ways.....	377,550	285,713	131,320	794,583
Passengers carried one mile.				
Passengers eastward.....	8,673,850	6,557,679	3,619,580	18,857,089
" westward.....	12,056,944	7,816,825	4,852,819	24,725,889
" both ways.....	20,729,774	14,374,504	8,472,399	43,576,677
Passengers revenue.				
Revenue eastward.....	\$345,687 05	\$321,955 97	\$174,057 48	\$741,700 50
" westward.....	455,161 43	257,549 45	217,844 66	930,555 54
" both ways.....	800,848 48	479,505 42	391,902 14	1,672,256 04
Minn & St. Paul accoun. &c.....			23,039 68	23,039 68
Passenger revenue per mile.				
Per mile eastward.....	3.99c.	3.33c.	4.61c.	3.93c.
" westward.....	3.78	3.29	4.49	3.76
" both ways.....	3.86	3.34	4.63	3.84

The gross earnings of the several divisions, including mails, rents, expresses, &c., were as shown in the following summary:

	La Crosse & Northern.	Prairie du Chien.	Iowa & Minnesota.	Total of all Divisions.
Freight.....	\$1,933,566 22	\$1,514,371 77	\$818,345 89	\$4,266,283 89
Passengers.....	809,848 48	479,505 42	414,941 82	1,695,295 72
Mails and rents.....	33,896 96	25,768 62	14,199 22	73,864 80
Miscellaneous.....	6,083 60	3,381 44	2,486 15	11,956 19
Express Service.....	126,336 09	90,284 67	91,776 01	308,396 77
Telegraph.....	2,113 70	1,914 30	236 69	4,264 69
Sleeping Cars.....	9,610 00	13,665 00	2,930 50	26,205 50
Elevators.....	128,176 71	201 44	.....	128,378 15
Total gross earnings.....	\$3,043,636 76	\$2,129,092 67	\$1,344,918 23	\$6,517,645 71

duct from these amounts as follows :

Ordinary expenses.....	\$1,353,804 37	\$1,049,827 58	\$579,687 66	\$3,113,319 49
Extra ordinary exp's.....	469, 43 29	318,216 84	132,463 87	919,738 50
Total expenses.....	\$1,823,247 56	\$1,368,044 40	\$712,151 53	\$4,033,040 99
Net earnings.....	\$1,190,739 20	\$761,048 27	\$382,767 25	\$2,484,604 72

The extraordinary expenses charged to income include renewals of track, new bridges, new fences, new buildings, new locomotives and cars, tools and machinery, United States taxes on manufactures, two elevators, and interest and exchange. Had these charges been placed against new capital the net earnings would have been \$3,404,333 22, instead of \$2,484,604 99 as shown in the above account. Compared with the earnings and expenses of 1867, those of 1868 were increased by the following amounts :

	La Crosse & Northern.	Prairie du Chien.	Iowa & Minnesota.	Total.
Gross earnings increased.....	\$97,221 81	\$137,263 12	\$399,544 19	\$534,037 12
Expenses increased.....	130,630 35		249,702 05	367,355 17
Expenses decreased.....		13,037 23		
Net earnings increased.....		150,300 85	849,732 11	466,671 95
Net earnings decreased.....	33,900 54			

The following compares the gross earnings of the second division for the last five years :

	La Crosse & Northern.	Iowa & Minnesota.	Prairie du Chien.	Total.
1864.....	\$1,402,155 86		\$1,711,280 88	\$3,113,366 34
1865.....	2,535,001 43		1,905,511 71	4,440,513 14
1866.....	2,538,799 96	\$542,721 80	2,018,749 13	5,095,270 92
1867.....	2,946,406 95	745,373 09	1,991,895 55	5,683,608 59
1868.....	3,043,636 76	1,344,916 28	2,129,092 67	6,517,645 71

From the above tables we make the following summary of comparative results for 1868, reducing the primary figures to relative proportions :

	La Crosse & Northern.	Prairie du Chien.	Iowa & Minnesota.	Total.
Miles of road opened.....	875	235	215	1325
Train miles to mile of road.....	3,190	4,176	2,584	3,299
Tons of freight to mile.....	146,985	199,326	85,918	145,110
Passengers to mile.....	55,279	61,168	39,406	52,820
Gross earnings to mile.....	\$3,116 86	\$9,039 97	\$6,365 42	\$7,900 18
Expenses to mile.....	3,175 44	3,238 50	2,477 99	3,011 64
Net earnings to mile.....	4,940 92	5,801 47	3,777 43	4,888 54
Receipt per passenger per mile.....	3.9c	3.9c	4.7c	3.8c
Receipts per ton per mile.....	3.5c	3.2c	4.1c	3.5c
Earnings per mile run on freight.....	\$3 04	\$2 46	\$2 82	\$2 77
Earnings per m. on passengers.....	2 33	2 21	3 23	2 47
Expenses per mile run.....	1 76	1 54	1 80	1 68
Expenses to earnings.....	61 p. c.	64 p. c.	60 p. c.	63 p. c.

The gross earnings and expenses on all the divisions for the year ending December 31, 1867 and 1868 amounted to :

	1867	1868
Gross earnings.....	\$5,683,608 59	\$6,517,645 71
And the operating expenses.....	3,665 685 83	4,033,040 99
Leaving net earnings.....	\$2,017,922 77	\$2,484,604 72

This residue is charged with interest on the mortgage indebtedness and previous to the extinguishment of the preferred stock of the Prairie du Chien Company with the dividend thereon. The past year has seen the first dividend on the preferred and common stock of the consolidated

PRODUCTION AND DISTRIBUTION OF BREADSTUFFS.

Important as is the foreign trade in breadstuffs to the shipper and to the producer the amount exported bears a smaller proportion than many appear to remember to the aggregate production of the country or to the amount distributed through the great internal lines of communication to all parts of the land. The production of corn and wheat in the United States in the year 1868 is estimated at 980,000,000 bushels, or about 28 bushels per head to the population. Rye, oats, barley and buckwheat carry the aggregate crop to about 1,400,000,000 of bushels. The total export last year of wheat, corn and flour (reducing barrels of flour to bushels) was only about 18,000,000 of bushels. From the port of New York the shipments to all places was as follows: Flour, bbls. 988,993; wheat, bushels, 5,694,787; corn, bushels, 5,900,579. Reducing flour to bushels the aggregate was 16,540,281 bushels. Of this amount by far the larger portion was sent to Great Britain. The rest went to the British North American colonies, to West Indies and to South America. The figures are as follows:

	Great Britain.	Rest of Europe.	B. N. A. Colonies.	West Indies.	South America.
Flour	bbls. 236,110	51,993	208,683	326,841	165,401
Wheat	bush. 5,524,365	152,213	67,516	98,104	20,529
Corn	bush. 5,601,915	56,291	153,386	115,429	19,936

During the year 1868 the receipts of the leading articles of breadstuffs at the five lake ports of Chicago, Milwaukee, Toledo, Detroit and Cleveland were as follows: Flour, 4,266,885 bbls.; wheat, 31,795,521 bushels; corn, 31,368,100 bushels. Reducing flour to bushels, we have a total of 84,500,000. This quantity of breadstuffs was shipped from the ports named and was scattered along the route to the seaboard, less than one-fifth of it, or 16,000,000 bushels, as we have seen, going abroad.

The rest was for home consumption.

In this connection, and for the purpose of appreciating the relative importance of the different avenues for freight, it is well to look at some of the details of production and see where breadstuffs are in excess and where they are deficient. The total population of the six New England States and of New York and Pennsylvania is 8,968,453. The quantity and value of the corn and wheat produced in them is as follows:

	value.	Quantity, bushels—		
		Corn.	Wheat.	Total.
Maine	\$2,744,539	1,624,289	193,150	1,817,389
New Hampshire	2,598,740	1,321,281	305,531	1,626,944
Vermont	3,743,503	1,490,975	614,692	2,105,667
Massachusetts	3,295,006	2,595,096	41,000	2,636,097
Rhode Island	624,804	404,293	36,653	436,961
Connecticut	2,480,000	2,059,835	52,401	2,112,236
New York	69,981,079	22,809,893	12,528,406	35,338,299
Pennsylvania	60,694,500	35,431,377	10,519,680	46,551,537
Total	\$136,321,361	68,133,489	23,289,620	92,423,109

Thus, while Pennsylvania produces corn and wheat to the value of \$19 for each of its inhabitants, and New York to the value of \$15, Massachusetts produces only \$2½ and Rhode Island \$3½. Vermont produces \$12, Maine \$4½, New Hampshire \$5, and Connecticut \$6; and, altogether, these States only produce an aggregate of about 10 bushels per head to the population. Turn now to some of the great producing States—Iowa, Illinois, Ohio and Michigan. These States have a population together of 6,186,806. The value of their corn and wheat is as follows:

	Value.	Quantity, bushels—		
		Corn.	Wheat.	Total.
Iowa.....	\$71,564,458	43,411,183	8,284,565	56,755,698
Illinois.....	122,134,313	255,844,350	28,551,411	184,395,771
Ohio.....	79,600,084	99,766,822	10,208,541	109,975,676
Michigan.....	50,805,948	16,118,680	14,710,639	30,859,319
Total.....	\$324,104,803	320,200,985	61,755,170	381,956,155

Iowa raises of corn and wheat the value of \$72 to each inhabitant, Illinois \$60, Ohio \$35, and Michigan \$50; or altogether, they produce 62 bushels to each inhabitant. If we add the aggregate production of potatoes, rye, oats, barley and fruits, some idea may be formed of the vast food resources of these great States and the immense surplus they have with which to make up the deficiency of the Eastern States. It is thus out of their abundance that they pour forth such lavish supplies to feed the population of less productive portions of the Union and of foreign countries. The surplus they send to the Lake ports is 80,000,000 of bushels. Four-fifths of this, after the export is taken out, remain to supply the wants of New England and the East, and to make up the deficient average of grain production which we have shown above, and which varies from \$2½ a head in Massachusetts, whose energies are given over to manufacturing, to \$72 a head in Iowa, which State is the heritage of an agricultural people, and has the capacity to raise food enough for the whole country. Only one-fourth of her area is now under cultivation.

The figures we have given exhibit the vastly preponderant value of the internal commerce of this country compared with the foreign traffic. They suggest, too, the great value of the railroad system for collecting these products at the centres of business and then distributing them wherever they may be needed over all the land. The grain comes from Chicago to New York by water for 32 cents. The railroad, in the heat of competition, brings it for 30 cents. From Oswego to New York, hardly a quarter of the distance from Chicago, the railroad charge is 58 cents for a barrel of flour, and the water charge is 32 cents. From St. Louis to New Orleans the freight on flour is 40 cents, from New Orleans to New York 75 cents—an aggregate of \$1 15, while from St. Louis to New York, direct by rail, the freight is \$1 30.

The grain and flour start from the Lake ports and are dropped everywhere by the way. The large cities demand millions of bushels; the manufacturing towns hold out their hands for a supply; the small villages all take their quota, and the farmer's wagon comes to the railroad station and bears away to his farm the barrel of flour which represents the food the unkind climate refuses to produce. In this work of distribution, as we remarked in a former article, the railroads find a large portion of their business. The water routes are few and fixed. New land routes are opening daily, and are penetrating to every part of the country. The flour which is transported over half the continent for a dollar, is charged on the local routes 30 or 40 cents, or even more for a dozen miles; and one may ship a barrel of flour from Chicago to New York for less than the cost of getting it to a point not without the reach of the sound of the City Hall bell.

The period before railroads and canals was the period before manufactures. It was the era of home production and home consumption. The New England farmer was obliged to raise his food; he could not bring it from distant regions. Soon followed the marvellous growth and extension of the lines of intercommunication. As soon as the fertile valley of the Genesee was reached, New England found that food could be bought cheaper than it could be raised, and that the muscle and brain of her people could be more profitably employed in other pursuits than agriculture. The Ohio was reached, and the States along the Lakes; and as these immense granaries began to empty their riches into the lap of the East, the latter found new fields for its energies. Production and distribution have gone hand in hand, and the channel to market never remains long overcrowded. As a new demand is made upon it, new facilities are offered, and the restless energy of commerce is ever on the alert to make easy the transfer and interchange of commodities.

But the more important lesson developed by the facts we have presented is the value to the producer of cheapened channels for freight to the East. Much has been written of late with regard to other routes for reaching the seaboard. The Mississippi and the St. Lawrence has been looked to with this purpose in view. While we decidedly favor all these efforts, knowing it to be for the best interests of the country that the agricultural products of the West should reach the seaboard with as little expense as possible, none can fail to see that to supply the consumption of the Eastern States is a far more important object, as that demand is many times the demand for export. The great question returns again therefore, how shall we cheapen freights from the West to the East? In a former article we showed that the chief expense was in handling, and we are glad to see that in the late Chicago convention this matter has been fully can-

passed and an agreement been entered into between the Boards of Trade of the different cities which it is hoped will remove this difficulty. If that can be accomplished, then it will be proper to look to our canal tolls and canal facilities to see if the former cannot be lessened and the latter enlarged or increased. Let as little as possible be taken from the producer and consumer for transportation charges and the whole country will reap the benefit.

THE PUBLIC DEBT.

There is a good deal of satisfaction expressed at the fact that we are beginning, however slowly, to reduce the principal of our debt. Mr. Boutwell's statement for the 1st June shows that he had bought for the Sinking Fund three millions of Five-twenties, which have \$93,000 accumulated interest. Since this report, on Thursday of this week, another million was bought, so that the aggregate is now four millions, bearing an annual of gold interest of \$240,000. By an expenditure of more than $4\frac{1}{2}$ millions we have relieved ourselves of the burden of nearly a quarter of a million of annual interest. The general policy of buying up our bonds at so heavy a premium, merely for the sake of lessening the payments of interest, we have several times discussed of late, and we need not recur to it in this place. There is no doubt, however, that a part of the surplus in the Treasury may with great advantage be kept in bonds so as to prevent the too rapid accumulation of gold and of greenbacks.

There have been during the month very few changes of importance in the general aggregates of the debt. The grand total of the long gold bonds amounted on May 1st to \$2,107,878,700 and on June 1st to \$2,107,881,100. The increase of \$4,500 is not explained. It took place in the Five-twenties, while all the other descriptions of gold bonds remained the same as last month. In the currency bearing debt there has been no change of importance. The Navy Fund is 14 millions, and the three per cent legal tender certificates show a small decrease.

But if in the interest-bearing part of the debt there are few changes, it is much otherwise with the rest of the schedule. The gold notes have increased more than seven millions, while the fractional currency has diminished two millions, and the currency balance has been increased more than 15 millions. There has thus been a rapid contraction of the active currency of the country, and during the month over 17 millions have been taken out of the circulating current of ready money afloat in the channels of trade. This severe contraction has not been so much felt, because currency is returning rapidly from the interior. Had this process of locking up the currency in the Treasury taken place before the monetary spasm of April had passed off, incalculable mischiefs must

have been the result. All that this violent movement has actually done is to retard the lively recovery of business and to prevent the commercial recuperation which was anticipated. Everywhere complaints are heard of more or less depression of industrial enterprise and stagnation of trade. This ill-timed contraction of the currency is in no small degree to blame for these deplorable results. Like the showers and sunshine of spring the genial warmth of favorable monetary conditions are needful to make the country flourish. And among these stimulating and indispensable conditions is a currency elastic, exempt from spasmodic contraction, and responsive to every movement of business, extending when trade is active, and gently, gradually shrinking as commercial quiet begins to prevail.

The currency arrangements of the Treasury are likely, as we have more than once showed of late, to give Mr. Boutwell trouble. The elasticity which is needful can be imparted to it only through the Treasury. And this fact causes every movement towards locking up currency and hoarding greenbacks in the government coffers to be looked upon with no small popular anxiety.

Turning, however, from this unwelcome aspect of the debt statement, there are several points of a more gratifying character. The net aggregate of the debt shows a decrease of \$13,384,778 since the 1st of May, if we deduct the cash in the Treasury and add the accrued interest. Owing to the increase of seven millions in the gold notes, and the decline of two millions in the fractional currency, the gross aggregate of the debt is nearly five millions more than last month. It will also be seen from our tables that, after deducting the cash in the Treasury, the net aggregate of the debt, exclusive of interest, is nearly seven millions more than last month.

One of the most gratifying aspects of the statement, however, is the decrease since the war. At the end of August, 1865, was struck the highest point which our war debt ever reached. The expenses incident to the disbanding of the army had swelled the aggregate to the prodigious sum of \$2,756,431,571. The amount has been reduced by \$291,365,064, and had we not expended fifty-five and a half millions during the interval on the Pacific Railroads, our public debt would have been no more than about two thousand four hundred and sixty-five millions. Still the pleasant fact remains that we have paid off two hundred and ninety-one millions of our public debt during the first five years of peace. This sum is more than 10 per cent of the aggregate, and thus amounts to twice as much as the one per cent required by the Sinking Fund law of 1862.

There is one more point which we must not omit. We refer to the economy with which the new administration are running the machinery of the Government. It is to this that we owe the large surplus of receipts

over our disbursements which has so much contributed to swell the balance in Treasury. Retrenchment and administrative reform are among the most prominent watchwords of the day.

FINANCIAL POSITION OF EGYPT.

The following important article is translated from the French newspaper, the *Progres Egyptien*, published in Alexandria, on the recent speech of his Royal Highness the Viceroy in reference to the financial position of Egypt:

For those who, as we do, know Egypt, its institutions and customs, the speech of his Royal Highness the Viceroy in the Chamber of Delegates, indicates progress in the right direction, and we hasten to notice it. This document is essentially financial. Its evident aim is to show the actual financial position of the Egyptian government. Those who heard it are the representatives, not, perhaps, of the whole of the native population, but at any rate of the classes who pay taxes, and who bear the consequences of the fiscal arrangements of the country. To them, therefore, the Viceroy thinks it desirable to explain clearly the necessity of the present expenditure. Those who will read it are chiefly the capitalists and financiers who, under the influence of various convictions, have thought good either to invest their money, or operate in the Egyptian public funds. These persons, also, the Viceroy wishes to inspire with confidence, and he has done his best to show them a bright and satisfactory future. But let us for the present leave on one side the various ways in which the native and European populations appreciate the speech of his Highness, and let us consider it in what it commonly interests us all. First comes the debt. According to the speech, this would be reduced to about £7,000,000, including the new loan. How is this sum of £17,000,000 arrived at? Such is the question which every one has naturally asked himself, and has tried to solve by calculating the amount of the Egyptian debt with the data which we all possess. This is also what we have tried to do in the statement we publish, and which starts from the 1st of January, 1868. We find at that date the amount due of £22,797,977, showing a difference of more than £5,000,000, as compared with the official document. It will be seen, however, that we have only taken into account, for the formation of the government debt, the amounts indicated by the government itself, in the budget published about a year ago. We see there, next to the loans of 1862 and 1864, the obligations which Medjidieh and the railway loan; and if a doubt could be entertained as to the possibility of including this last in the government loans, it would disappear before the declaration of his Highness himself, who says that his Ministry of Finances has taken it upon itself to pay off the railway loan. It may perhaps be alleged that when the speech was delivered allusion could not be made to the portion of the debt due in January. We will admit this, and concede that thus there disappears from the railway loan £500,000, from the 1868 loan £60,500, and from the Medjidieh obligations £38,769, making in all £599,669; but, nevertheless, we have always a public debt of over £22,000,000. Let us now come to another subject, viz., the floating debt, of which no mention whatever is made in the speech of the Viceroy. Here we have no positive data.

no documents, and we have to take inferences and information, the control of which is exceedingly difficult. According to some, the bonds of the Treasury still in circulation, and the "eff date," or shares in the names of the owners, would amount to about five millions sterling. According to the most favorable calculations this sum would come to at least £3,000,000. We shall, therefore, not be taxed with exaggeration if we take the average, and fix the floating debt at £4,000,000, to be redeemed within two years, say £2,000,000 per annum. On looking to our statement we see that the service of the loans itself requires for the year 1869-70 £2,500,000; this together with the £2,000,000 for the redemption of the floating debt, represents a sum of £4,500,000 to be taken before everything else from the income of Egypt. Let us add to this the fixed expenses such as civil list, pensions, tribute to Constantinople, and pilgrimage to Mecca, which, according to last year's budget, will require in all a sum of above £1,300,000. We have then for the present year £5,800,000, which is absolutely required as indicated. According to the same budget—for the present the only official document to which we can refer—the total income of Egypt is £7,500,000. There would therefore only remain after deduction of the amount stated above, a sum of £1,700,000, which ought to be sufficient for the public services and expenses of every kind. But let us return to our starting point. The amount of the debt at this date is £22,000,000. In Europe, and particularly in the English financial papers, they have tried for some time past to establish the amount of this debt, and they have generally fixed it at £28,000,000. There is in this an error, which it is important to correct. It arises from this fact, that they have confused with the debt of the government that which corresponds solely to the Vice-regal Daira. As can be seen from our statement, three loans, the balance of which was due on the 1st of January, 1869, amounting to £5,281,220, are for account of the Daira, but nobody doubts that the private income of his Royal Highness the Viceroy is important enough to secure the payment of this amount. One of the loans that was contracted in 1867, to cover the purchase of the property of his Highness Mustapha Pacha is, it must be said, guaranteed by the government, and if we pushed to extremes the principle of responsibility, we could add the £2,000,000 which it represents to the government debt, but we must repeat that nothing could justify this measure in view of the income of the Daira, and the intrinsic value of the guarantee of the government itself. The financial position of Egypt being determined in a precise manner, at least in what concerns the loans, and in a way unavoidably approximate with respect to the floating debt, it is important to notice the conclusions arrived at. If we consider the present condition of the finances (not taking the future into account), we can only foresee very great difficulties for the government, and we necessarily expect that it will be obliged to find extraordinary resources in order to satisfy the exigencies of the Treasury. But if we look to the future we see that within a relatively short period the charges it has at present to support will rapidly decrease. Contrary to what happens with the great majority of European states, the reimbursement of the public debt is not spread over an unlimited period; it is confined here to thirty years at the maximum, with a progressive diminution from year to year; but on account of this short space of time it weighs more heavily, too heavily, on the present generation. Whatever may be

the causes of the situation, let us examine it as it is, and we shall agree that it requires, in order to work out a satisfactory result, great cleverness and circumspection, and a ceaseless watchfulness. We might be taxed with optimism if after the above explanations, we asserted that the financial position of Egypt is prosperous, but we desire to guard against an exaggerated appreciation in the contrary sense, and an examination of the resources of the country will, no doubt help to establish a true and correct opinion on this matter.

THE FINANCIAL SITUATION IN ITALY.

(From the London Economist.)

Naturally enough the recent speech of Count Cambray-Digny has received comparatively little attention. It is a wilderness of figures; and for that reason the Minister, notwithstanding his obvious intention to explain everything, has failed to present a view of the situation in manageable compass. Most people have got the notion, which is not a favorable one for Italian credit, that the equilibrium of the Budget is again indefinitely adjourned, and that there is to be a forced loan and other expedients to provide for the intermediate period, no provision, however, being made for unforeseen events. The notion is sound enough, and perhaps sufficient for practical men; but it may be worth while to show definitely the present distance of Italian Budgets from an 'equilibrium;' the measures by which more revenue is to be got, so as to bridge over that distance; and the nature of the expedients by which the Treasury meanwhile is to be supplied.

The first point in the Minister's speech is so far favorable. The floating debt has been got under for a time. In the calculation a year ago the debt at the close of 1868 was expected to reach the sum of £22,880,000, but on the 31st March last it was only £12,520,000, showing a relief to the Treasury compared with the previous anticipation of £10,360,000. Unfortunately when this sum is examined it appears that the relief is obtained merely by an increase of the permanent debt. The items are—

Received on account of Tobacco Loan.....	£7,360,000
Augmented net receipt from sales of ecclesiastical property.....	1,680,000
Total.....	£9,040,000
Increase of receipts and diminution of expenditure in 1866-67-68.....	1,320,000
Total.....	£10,360,000

—so that the country is only £1,320,000 better than it was expected to be. The other receipts which have relieved the Treasury have come from borrowing, or the alienation of national property, which is an equivalent process.

In a very short time moreover the situation of the Treasury will be as bad as ever. The calculation for the close of 1869 is as follows :

Uncovered deficits of 1866 and previous years.....	£23,560,000
Deficit of 1867.....	6,300,000
Do 1868.....	2,760,000
Deficit as at 31st March last.....	12,520,000
Estimated deficit of 1869.....	4,190,000
Doubtful "arrears".....	3,200,000
Advances to railways.....	4,000,000
Irrecoverable arrears of direct taxes.....	1,600,000
Total deficit at close of 1869.....	25,510,000

No doubt the Minister sees his way to the end of the present year—the floating debt being more than covered by the following sums:

Treasury obligations.....	£12,000,000
Debt to the bank.....	15,120,000
Total	£27,120,000

—while there is £1,200,000 more not reckoned to be derived from the sales of ecclesiastical property. There is sufficient justification for saying that everything this year is arranged for, including payment of the interest due on 1st January next. It is plain, however, that if any fresh disappointment takes place, or there is a new deficit next year, further measures will be needful to relieve the burden of the floating debt.

This is the real point of importance in Italian finance as of other nations in time of peace; and it is just on this point where the prospect is least satisfactory. The Minister, it is true, counts on a deficit of only £5,120,000 for the first year now unprovided for; or deducting the sum set aside for amortisation £2,720,000; but it is preferable to see in the first place what the last actual result has been. The Minister presents us with what he considers a final account for 1868, which shows a deficiency of revenue to meet expenditure of no less than £9,240,000, viz.:

Expenditure.....	£48,900,000
Receipts.....	39,660,000
Deficit.....	£ 9,240,000

The truth, we fear, is that the deficiency is really greater according to the strict mode of reckoning real revenue, but these are the Minister's own figures, and it will be safest to go by them. They are unfavorable enough. The danger of a maximum floating debt to a Treasury which spends £9,000,000 more than it gets on a revenue of £33,960,000 is apparent to every one. That the danger exists in a country which has been struggling for years to find new sources of revenue and cut down expenditure makes it almost hopeless to expect that the two ends will be made to meet and the floating debt kept from attaining dimensions which will compel insolvency.

The hopelessness or at least enormous difficulty of the problem may be otherwise shown. What the Minister calls "irreducible expenditure"—that is interest on debts, pensions, &c—amounts to very nearly two-thirds of the rack revenue of Italy. A nation of 25,000,000 inhabitants paying £20,720,000 of interest out of a revenue of £33,960,000 cannot be in a good way. That things should get worse, the interest of the debt gradually absorbing the entire revenue of the State, would be a probable enough contingency but for the increased difficulty of borrowing as such a time approaches which may make it impossible to pay the interest. The first necessity of a State is the maintenance of internal government, and when the margin of revenue left after paying the public creditor is so small as in Italy necessary expenses can only be paid out of fresh borrowings, which in turn aggravate the evil.

The Minister's main hopes for the future consist in the reduction of expenses and the increased yield of taxes—the former contributing £2,500,000 at once to the reduction of the deficit, and the latter the remainder of the amount during the next four or five years. With regard to the latter we should be inclined to think the Ministerial expectations not altogether unfounded—barring accidents. What he expects improvement from is—generally improved administration; the

improved assessment and collection of the direct taxes, a new cadastre being framed for the foncier tax, the most important of all; the increased yield of the multure tax, as it gets into full working order; and last of all, the progressive increase of the revenue with the increased industry and prosperity of the country. All these things Italy is likely enough to get. The improvement of the administration is going forward notwithstanding great resistance, the arrears of taxes becoming less, and the confusion incidental to the amalgamation of the various provinces, and changes in the incidence of the taxes, being overcome. Italy was no doubt far behind, but everything turns on success here, and strenuous efforts at least are being made to obtain that success. If not attained quickly, the financial evils will not be the greatest. As to the direct taxes the Italians are plainly following the almost perfect though somewhat expensive model of France, and after the lapse of some time—as the Minister admits—a considerable addition to the yield of these taxes may fairly be expected. The case as to the multure tax, again, is also clear, experience having shown that it is fully leviable in a certain way, though various circumstances, including the enormous anticipatory grinding, and the mode of levying it by licence, which was the first practised as we described last week, prevented it from yielding at first all that was expected. It cannot be said at least that the tax has failed; and till it does so Italian financiers may be pardoned for resting largely upon it. The progressive increase of the revenue, due to growing prosperity, seems likewise a legitimate enough expectation on the conditions laid down—that there are no accidents; few things being more remarkable than the elasticity of most European revenues in recent times and in ordinary circumstances.

We have not the same confidence in the expected diminution of expenses, just because Italy already spends little enough on administration and improvement. The figures for 1868 are:

Ordinary expenses.....	£16,560,000
Extraordinary expenses.....	4,320,000
Total.....	20,880,000

—which is not a large sum for 25,000,000 of people under a centralised Government and deficient in the ordinary appliances of civilization. How it is to be safely reduced by a million and a half on the first head and a million on the second, with all sorts of new demands starting up, it is difficult to understand. The Italian Government has not of late been more successful than its neighbors in keeping within estimates, and we must regard with some little scepticism the prospect of the expenditure of future years falling below the level of 1867 and 1868.

The proposals for covering the intermediate deficits which the Minister anticipates may be briefly dismissed, as it is yet too doubtful what his real needs may be. The sum he has to provide for he calculates roughly at £29,120,000, which includes however the debt of £15,000,000 to the Bank and £2,000,000 of Treasury obligations to be paid off; the deficits of 1870 and of successive years until equilibrium is attained being reckoned at £12,000,000. There will also be a further sum of £2,400,000 of interest in consequence of the measures he proposes—total, £31,520,000. His measures then are:—(1.) An anticipation of the sales of ecclesiastical property. (2.) The creation of two credit institutions

which will lend the State capital in consideration of their privileges. And (3.) A forced loan, besides one or two minor expedients. These are to yield respectively the following amounts :—

Operations on ecclesiastical property.....	£12,000,000
From credit institutions.....	4,000,000
Forced loan.....	12,800,000
Minor measures (including £2,400,000 anticipated repayments of railway bonds....)	5,700,000
Total.....	34,500,000

—which is rather more than the total sum to be provided. The expedients themselves seem open to some question. 1. The unalienated ecclesiastical property is to be placed in the hands of a company which will advance the above sum of £12,000,000, partly by depositing a portion of its capital as a guarantee, and partly by lending to the Government upon “domanial” bonds. This company is also expected to benefit the country by making advances to the provinces and communes for the construction of roads, which does not look like a very profitable business, £5,040,000 is to be advanced when the society is formed—the remainder gradually. 2. The credit institutions are the National Bank and the Bank of Naples, which are to be the bankers of the Treasury, and are to deposit the above £4,000,000 in name of guarantee “without prejudice to the subventions which they are bound to make to the Treasury on simple request.” As the Italian Government however is getting rid of a debt of £15,000,000 to the bank, it cannot be said that its position will thus be made worse. 3. The forced loan is not very clearly explained. It is to be raised in four equal instalments spread over four years, that is four instalments of £3,200,000 each, and the contributors are to be the possessors of incomes exceeding £60 a year. The Minister calculates that it will be equivalent to an income tax of 6½ per cent for the years in question, with this difference—that government will be liable to repay it after 1881, and that in the meantime it will bear interest at the rate of 6 per cent. The scheme is ingenious, but one feels doubt as to whether the money can be got, or why it is that the Italian Government does not levy the greater part of the amount as a real income tax, which would do more than any other expedient to tide over present difficulties.

We have thus gone over the most important points of the Italian Minister's financial statement. While it is hardly possible to give too much praise to the assiduous labors of Italian public men, we confess that the impression left on our minds is that Italy can hardly pull through on the present line. To justify the hopes expressed everything must be given in favor of Italy. Expenses must be cut down, the administration must be improved, the revenue must yield more, the various financial combinations must realize what is expected, and at the end of ten years Italy must be prosperous enough to sustain the equilibrium without any more expedients. Is it likely that any country will be so lucky even though no catastrophe like foreign war should throw its weight into the opposite scale?

The following table of the accounts of 1867 and 1868 and the estimates of 1869 and 1870 is given by the Italian Minister in his speech; and shows very well two things—the progress of the irreducible expenditure during the past

years, and the smaller amount of the anticipated compared with the realized deficits:—

	EXPENDITURE.			
	1867.	1868.	1869.	1870.
Irreducible expenditure.....	\$19,960,000	\$30,700,000	\$30,760,000	\$21,240,000
Amortisation.....	1,480,000	1,600,000	2,000,000	2,400,000
Ordinary expenses.....	16,750,000	16,560,000	14,850,000	15,040,000
Extraordinary do.....	3,400,000	4,320,000	3,410,000	3,400,000
	41,600,000	43,200,000	41,080,000	42,080,000
	RECEIPTS.			
	1867.	1868.	1869.	1870.
Ordinary.....	\$31,520,000	\$31,440,000	\$33,560,000	\$35,770,000
Extraordinary.....	1,760,000	2,520,000	3,300,000	1,210,000
	33,280,000	33,960,000	36,860,000	36,980,000
Deficits.....	8,320,000	9,240,000	4,160,000	5,100,000

RAILROAD ITEMS.

AUCTION SALE OF A RAILROAD IN NEW ORLEANS.—The sale of the New Orleans, Opelousas and Great Western Railroad took place on Tuesday, May 25, by virtue of an order from the United States Circuit Court, under the auspices of ex-United States Marshal F. J. Herron. The principal interests represented were the Illinois Central Railroad, the Mobile and Chattanooga Railroad, the bondholders of the road, and Charles Morgan. The first bid was \$1,000,000, the next \$1,500,000. The bids then proceeded by hundreds of thousands to \$2,000,000, which was bid by Mr. Paul Blanc in behalf of the bondholders of the road, to which amount he was limited. C. A. Whitney, representing Charles Morgan, bid \$2,050,000, at which amount it was knocked down after a moment's pause, and \$75,000 immediately paid as a guarantee. Mr. Whitney announced that it was the intention of Mr. Morgan, who was present in person, to immediately set about extending the road to the Sabine. The actual sale occupied barely ten minutes. Mr. Morgan, the purchaser of the road, in a long public communication, announces his readiness to co-operate with the business men of Texas, Louisiana, New Orleans, or any other section of the country interested, in extending the Opelousas Railroad to Texas by the most eligible route, and proposes that a new corporation be formed to obtain the remaining franchises of the New Orleans, Opelousas and Great Western Railroad, with a cash capital of \$4,000,000, of which he will himself take and pay cash for \$2,000,000 of the stock, provided the same amount be raised by the other parties interested. He further announces his intention to put the road already completed in perfect repair—if necessary, making a double track.

FORT WAYNE LEASE.—Of this the New York *Tribune*, May 28, says: The lease of the Fort Wayne Road to the Pennsylvania Central Road, was formally ratified to-day at Philadelphia by the Directors of both roads. The Directors of the Pennsylvania Central acted under instructions, but the Fort Wayne Directors will take a vote of the stock holders before the matter is finally settled. This, however, is a matter of form, as the vote will be almost unanimous in favor of the lease. The terms are as follows: The Fort Wayne Road receives 12 per cent upon the present capital stock of the company, free of Government tax, payable quarterly, the Pennsylvania Central Road guaranteeing the bonds of the company, keeping the road and its equipments in repair. The lease is perpetual, and the stockholders of the Fort Wayne Road now have a security guaranteed by the wealthiest corporation in this country, and beyond the contingencies of Wall street manipulations. The Directors of the Fort Wayne Road have discussed the subject of increasing their stock, and have about decided upon making a scrip dividend of $7\frac{1}{4}$ per cent, which would make exactly 7 per cent upon the increased capital. The lease goes into effect upon the 1st of July, and the Fort Wayne road have their earnings for the half year, as well as the money to be received from the sale of the supplies now on hand. The surplus cash will be divided and will probably amount to 10 per cent, although it cannot of course now be definitely stated. The stock of the Fort Wayne will now disappear from Wall street, and be held by estates as an investment, being a perpetual 7 per cent a year free of Government tax. It will supply a want that has always been felt by executors and trustees of estates. A meeting of the Directors of the Fort Wayne road will be held on Saturday to decide as to the scrip dividend.

TOLEDO, WARREN AND WESTERN RAILROAD.—This Company has notified the Stock Exchange, as under the rules of the Exchange they are bound to do, thirty days in advance that in consequence of their consolidation some months since with the Decatur (Illinois) and St. Louis Road, their Common Capital is to be increased \$1,612,500 on this account, and also \$2,850,000 for new construction, equipment and grain elevators (the latter at Toledo), so that the Capital, exclusive of a small amount of original Preferred Stock, is to be increased to \$9,500,000.

—On the main line of the St. Paul and Pacific road there are now nearly 1,000 men at work. They are grading at the rate of a half mile of the road per day, and have eight miles of road ready for iron. The cars are now running to Smith's Lake, sixty miles west of St. Paul, and they will commence to lay the iron from there to Moore's Prairie, which point they will reach in a few days. This carries the road through the Big Woods. The ties are all out and ready for the ninety miles, and the iron for the same is in St. Paul and on the way there. It is expected the cars will be running over a completed road 160 miles West of St. Paul before the snow flies.

—The certificate of incorporation of the Straitsville and Hocking Valley Railroad Company was filed at the Ohio Secretary of State's office on Friday. The main line of the proposed route is to extend from Straitsville, in Perry County, to a point in Athens County, at or near the aqueduct at the mouth of Monday Creek. The branches are to extend to Nelsonville, in Athens County, and points near that place, and to Logan, in Hocking County, and other points in the coal region. The capital stock is \$200,000, in shares of \$50.

—The Directors of the Chicago and Northwestern Railroad have given notice to the New York Stock Exchange that they have sold one and a half millions of the preferred stock at 105, or par, ex. the June dividend. This stock was issued to represent 10 per cent equipment bonds that have been paid off by the company, and additional equipments placed upon the road. This was subscribed for by the directors, and three times the amount was bid for, although the nominal price in the street was $1\frac{1}{2}$ per cent less at the time the stock was taken.

PUBLIC DEBT OF THE UNITED STATES.

STATEMENT COMPARING THE RETURN FOR MAY 1 AND JUNE 1, 1869.

DEBT BEARING COIN INTEREST.

Character of Issues.	May 1.	June 1.	Increase.	Decrease
5s, Bonds of Jan 1, '59 (15 yrs).....	\$20,000,000	\$20,000,000	\$.....	\$.....
5s, " Jan. 1, '61 (10 yrs).....	7,022,000	7,022,000	.....	.....
6s, B'ds of '61 (after Dec 31, '60).....	18,415,000	18,415,000	.....	.....
6s, " (Oregon war) '81.....	945,000	945,000	.....	.....
6s, " of June 30, '61 (30 yrs).....	189,317 40	189,317 40	.....	.....
6s, " May 1, '61 (5-20's).....	514,771,600	514,771,600	.....	.....
6s, " June '68 ('81).....	75,000,000	75 0 0,000	.....	.....
5s, " Mar. 1, '64 (10-40's).....	194,567,300	194,567,300	.....	.....
6s, " Nov. 1, '64 (5-20's).....	129,443,800	129,443,800	.....	.....
6s, " July 1, '65 (5-20's).....	332,998,950	332,998,950	.....	.....
6s, " Nov. 1, '65 (5-20's).....	303,327,350	303,327,350	.....	.....
6s, " July 1, '67 (5-20's).....	379,531,050	379,531,050	.....	.....
6s, " July 1, '68 (5-20's).....	42,539,350	42,539,350	.....	.....

DEBT BEARING LAWFUL MONEY INTEREST.

2s, Certificates (demand).....	\$53,240,000	\$53,075,000	.....	\$165,000
3s, Navy Pension Fund.....	14,000,000	14,000,000	.....	.....

DEBT ON WHICH INTEREST HAS CEASED SINCE MATURITY.

6s, Bonds of 1862, '67, '68.....	\$148,000	\$132,100	.....	\$15,900
5s, Bonds (tax indem.) 1864.....	252,000	24,000	.....	10,000
Treasury notes prior to 1857.....	1015 2	104,712	.....	.....
" since 1867.....	390,493	381,192	.....	9,300
6s, Certificates of indebtedness.....	12,000	12,000	.....	.....
6s, Comp'd int. notes '67 & '68....	3,097,000	2,956,350	.....	110,650
Temporary loan.....	188,510	186,610	.....	1,900
7-30s, 8 year notes ('67 & '68).....	1,509,600	1,407,100	.....	102,500

DEBT BEARING NO INTEREST.

Demand notes.....	\$122,813	\$122,813	.....	.....
U. S. Legal Tender notes.....	355,941,032	355,936,431	.....	\$4,600
Postal & fractional currency.....	35,350,323	33,452,323	.....	1,898,000
Gold Certificates.....	16,307,200	23,340,720	\$7,033,520	.....

RECAPITULATION.

Debt bearing coin interest.....	\$2,107,878,700	\$2,107,882,100	\$3,400	.....
" b'ring lawful money int.....	67,240,000	67,075,000	.....	\$165,000
" on which int. has ceas'd.....	5,702,114	5,471,864	.....	230,250
" bearing no interest.....	407,721,368	412,852,287	5,130,919	.....
Aggregate principal debt.....	\$2,588,542,182	\$2,593,231,251	\$1,680,069	.....
Coin interest accrued.....	45,066,185	38,476,562	.....	\$6,589,623
Lawful money int. accrued.....	1,071,700	1,286,500	164,800	.....
Int. accrued on matured debt.....	263,621	726,340	372,719	.....
Aggregate debt & int. accru'd.....	\$2,635,033,688	\$2,633,670,653	.....	\$1,363,035
Deduct amount in Treasury:				
Coin belonging to Govern'm't.....	\$92,031,733	\$81,839,469	.....	\$10,192,264
Coin for which certificates.....	.....	.....	.....	.....
are outstanding.....	16,307,200	23,340,720	7,033,520	.....
Currency.....	7,896,564	19,934,555	12,037,991	.....
Sink'g fund in coin, b'ds & int.....	.....	3,093,296	3,093,296	.....
Total coin & cur'y in Treas'y.....	\$116,235,497	\$128,258,040	\$12,022,543	.....
Debt less coin and currency.....	\$2,518,798,191	\$2,505,412,613	.....	\$13,385,578
BONDS ISSUED TO UNION PACIFIC RAILROAD AND BRANCHES.				
(Under acts of July 1, 1862, and July 2, 1864: principal payable in 30 years after date, and interest semi-annually, in January and July, both in lawful money)				
6s, Union Pacific Railroad.....	\$25,998,000	\$25,998,000	.....	.....
6s, Union Pacific (E. & D.) R.R.....	6,503,000	6,503,000	.....	.....
6s, Sioux City & Pacific R.R.....	1,628,320	1,628,320	.....	.....
6s, Central Pacific R.R.....	21,003,000	22,789,000	1,786,000	.....
6s, Central Branch (Kansas).....	1,600,000	1,600,000	.....	.....
6s, Western Pacific R.R.....	320,000	320,000	.....	.....
eta amount issued.....	\$56,852,320	\$58,638,320	\$1,786,000	.....
The interest account on which stood as follows:				
Interest accrued not yet paid.....	\$1,130,369	\$1,436,098	\$305,729	.....
Interest paid by U. S.....	3,310,053	3,310,053	.....	.....
Interest repaid by transportation, mails, &c.....	1,880,438	1,411,188	30,750	.....
Balance of interest due U. S.....	3,059,984	3,334,963	274,979	.....

COMMERCIAL CHRONICLE AND REVIEW

Monetary Affairs—Rates of Loans and Discounts—Bonds sold at New York Stock Exchange—Board—Price of Government Securities at New York—Course of Consols and American Securities at New York—Opening, Highest, Lowest and Closing Prices at the New York Stock Exchange—General Movement of Coin and Bullion at New York—Course of Gold at New York—Course of Foreign Exchange at New York.

The money market during the month of May worked steadily, and the uniform rate on call loans at bank and among private lenders was seven per cent. Favored borrowers who offered government bonds as collateral were, in exceptional instances, accommodated at six per cent. This firmness in rates was chiefly supported by the demand from the stock brokers, incident to the enlarged business and heavy speculation in railway and miscellaneous securities at the Stock Exchange. The demand for accommodation from the mercantile class was rather under the average, general trade having been dull. The movement of currency to and from this centre was small, but rather in favor of the city banks; these institutions were also strengthened in their legal reserve by the Treasury sales of gold; the payment of the same have chiefly been in National Bank notes, with which the banks were very willing to part.

The month has been an eventful one at the Stock Exchange where prices have advanced on the active stocks to figures never before reached. Two grand schemes of consolidation have been developed. The first, that known as the Vanderbilt consolidation, which has in view a union of the Hudson River, New York Central, Buffalo and Erie, Lake Shore, and Michigan Southern Railroads, thereby forming a continuous and harmonious line between New York and Chicago; and the second that of the Pennsylvania Railroad Company, which has

virtually extended its line to Chicago by a perpetual lease of the Pittsburg, Fort Wayne and Chicago Railroad. Negotiations are also pending between the Pennsylvania and the New Jersey Central Railroads for a lease of the latter to the former, which would give the first named a perfect and unbroken line from New York to Chicago. On these two schemes has hinged the entire speculation.

The total transactions at the Stock Exchange during the month amount to 1,696,439 shares, against 1,278,271 for the corresponding month last year.

Classes.	1868.	1869.	Increase.	Dec.
Bank shares	2,253	3,209	956	.....
Railroad "	939,345	1,337,401	618,056	.....
Coal "	5,315	3,809	.....	1,506
Mining "	49,715	38,014	.....	11,701
Improv't "	16,015	28,590	12,575	.....
Telegraph "	35,957	12,094	.....	23,865
Steamship "	131,005	74,512	.....	96,993
Expr's&c "	98,166	18,819	.....	79,354
Total—May	1,278,271	1,696,439	418,168	.....
Since January 1.. ..	9,134,495	7,022,888	.....	2,111,607

Government bonds were strong through out the month, prices having been sustained by a moderate demand for export, and by the purchases of the Treasury Department. The volume of business has been large, as will be seen by the following tables :

BONDS SOLD AT THE N. Y. STOCK EXCHANGE BOARD.

Classes.	1868.	1869.	Inc.	Dec.
U. S. bonds	\$21,621,050	\$24,451,100	\$2,830,050	\$.....
U. S. notes	4,890,800	.....	.....	4,890,800
St'e & city b'ds	3,791,100	5,317,600	1,558,700	.....
Company b'ds	718,000	2,842,149	2,124,149	.....
Total—May	\$30,928,950	\$32,611,049	\$1,682,099	\$.....
Since January 1.. ..	121,923,050	151,680,309	29,656,759	.....

The daily closing prices of the principal Government securities at the New York Stock Exchange Board in the month of May, as represented by the latest sale officially reported, are shown in the following statement :

PRICES OF GOVERNMENT SECURITIES AT NEW YORK.

Day of month.	6's, 1881.	Comp.	Reg.	1862.	1864.	1865.	new	'67.	'68.	5's, 10-40
1.....	118%	117%	113%	116%	116%	116%	116%	116%	116%	108%
2.....	119	118%	114%	115%	116%	116%	116%	116%	116%	108%
3.....	119%	119	118%	114	115%	116%	116%	116%	116%	108%
4.....	119%	118%	113%	115%	116%	116%	116%	116%	116%	108%
5.....	119%	118%	114	115%	116%	116%	116%	116%	116%	108%
6.....	119%	118%	114	115%	116%	116%	116%	116%	116%	108%
7.....	118%	117%	113%	114%	115%	115%	115%	115%	115%	107%
8.....	118	118%	113%	114	115%	116	116%	116%	116%	107%
9.....	119%	119%	115%	116%	117%	117%	117%	117%	117%	108%
10.....	119%	119%	115%	116%	117%	117%	117%	117%	117%	108%
11.....	119%	119%	115%	116%	117%	117%	117%	117%	117%	108%
12.....	120	120	119%	115%	116%	117%	117%	117%	117%	108%
13.....	120	120	119%	115%	116%	117%	117%	117%	117%	108%
14.....	121	120%	120%	116%	116%	118%	118%	118%	118%	109%
15.....	122	121%	116%	116%	116%	118%	118%	118%	118%	109%
16.....	122	121%	116%	116%	116%	118%	118%	118%	118%	109%
17.....	122%	122	117	118	120	120	120	120	120%	109%
18.....	122%	122	117%	118%	120	120	120	120	120%	109%
19.....	123%	123	117%	119%	120	120	120	120	120%	110
20.....	123%	123	117%	119%	120	120	120	120	120%	109%
21.....	123%	123	117%	119%	120	120	120	120	120%	109%
22.....	123%	123	117%	119%	120	120	120	120	120%	109%
23.....	123%	123	117%	119%	120	120	120	120	120%	109%
24.....	121%	122%	118%	119%	120	120	120	120	120%	109%
25.....	122%	122%	118%	119%	120	120	120	120	120%	109%
26.....	122%	122%	118%	119%	120	120	120	120	120%	109%
27.....	120%	120%	122	116%	118%	119%	119%	119	119%	109%
28.....	121%	120%	122%	116%	118%	119%	119%	119	119%	109%
29.....	122	121%	122%	117	118%	119%	119%	119%	119%	109%
30.....	122	121%	122%	117	118%	120	120	120	120%	109%
31.....	122	121%	122%	117	118%	120	120	120	120%	109%
First.....	118%	119	117%	113%	115%	116%	116%	116%	116%	108%
Highest.....	123%	123%	123%	117%	119%	120%	120%	120%	120%	110
Lowest.....	118	118%	117%	113%	114%	115%	115%	115%	115%	107%
Last.....	122	121%	122%	117	118%	120	120	120	120%	109%

COURSE OF CONSOLS AND AMERICAN SECURITIES AT LONDON.

Date.	Cons for mon.	Am. securities U. S. 5-20s sh's.	Ill. C. sh's.	Erie sh's.	Date.	Cons for mon.	Am. securities U. S. 5-20s sh's.	Ill. C. sh's.	Erie sh's.
Saturday	1	Holl	day.	...	Saturday	22	93%	79%	91%
Monday	3	93%	81%	98	Monday	24	93%	79	91%
Tuesday	4	93%	79%	98%	Tuesday	25	93%	79	91
Wednesday	5	93%	80%	98%	Wednesday	26	93%	79%	95%
Thursday	6	93%	79%	97%	Thursday	27	93%	79%	95%
Friday	7	92%	78%	96	Friday	28	93%	79%	95%
Saturday	8	92%	77%	94%	Saturday	29	93%	79%	95%
Monday	10	92%	78%	95%	Monday	31	94	80%	96
Tuesday	11	92%	78%	95%	Lowest	92%	77%	94%	17%
Wednesday	12	92%	79	96	Highest	94	80%	98%	21
Thursday	13	92%	79	96%	Range	1%	8%	4	8%
Friday	14	92%	78%	96%	Last	94	80%	96	19
Saturday	15	92%	78%	96	Low	92%	74%	92%	17%
Monday	17	Holl	day.	...	Hig	94	81	98%	26%
Tuesday	18	92%	78%	95%	Rng	1%	9%	6%	9%
Wednesday	19	92%	78%	95%	Last	94	80%	96	19
Thursday	20	93%	78%	96	Since Jan. 1	...	...	...	...
Friday	21	93%	78%	94%	...	...	...	...	...

The following table will show the opening, highest, lowest and closing prices of all the railway and miscellaneous securities quoted at the New York Stock Exchange during the months of April and May, 1869:

	April				May			
Railroad Stocks—	Open.	High.	Low.	Clos.	Open.	High.	Low.	Clos.
Alton & Terre Haute	36	39%	36	39%	39	40	33	38
do " pref.	65%	67%	65%	67	69	72%	63	63
Chicago & Alton	149%	162	149	161%	161	261	156	158
do do pref.	150	16	150	161%	161	161	15%	160
Chicago, Burl. & Quincy	173	175	173	175	180	199	180	199
do do Northwest'n	84	87%	83	87	86%	94	85	91
do do do pref.	93%	9%	91%	98%	93%	106%	96%	104%
do do & Rock Island	138	139	138	137%	138	13%	125	125%
Columb. Chic. & Ind. C.	43	49	38%	48%	46	47	41%	43%
Clev. & Pittsburg	86%	94	86%	92%	93%	99%	93	99%
do do Toledo	97	97	96%	9%	...	...	...	...
do do Col. Cin. & Ind.	65	79	64%	68	63%	75%	68%	75%
Del., Lack. & Western	114	116	113	115%	116	119%	115	119
Dubuque & Sioux city	116	116	114%	1%	116%	116%	110	109
Harlem	135%	150	135	150	161%	152	146%	151%
do do pref. ....	...	...	...	...	145	150	145	150
Hannibal & St. Joseph	114%	119	114	116	115	120	114%	120
do do do pref.	113	114	112	113	114%	119%	112%	119%
Hudson River	140	156	138	156	158	164%	152	157%
Illinois Central	139	145%	139	144	145	148	145	146%
Joliet & Chicago	95	95	95	95	...	...	...	...
Long Island	46	46	46	46	...	...	...	...
Lake Shore	97	106%	97	1%	108%	117	103	117
Mar. & Cincin., 1st	23%	23%	20%	21	21	23	21	22
do do 2d	8%	8%	8%	8%	8	9	8	8%
Michigan Central	118%	132	118%	12%	128	129%	126	128
do do S. & N. Ind.	95%	1%	95%	103%	103%	118%	103	118%
Milwaukee & St. Paul	72	81	61%	9	78%	79%	75%	79%
do do do pref.	80%	83	80	86%	87%	91%	85	91
Morris & Essex	18	89%	87%	89%	91	91	90	91
New Haven & Hartford	200	200	200	200	210	210	210	210
New Jersey	124	126	124	12%	127	127	127	127
do do Central	108%	112	108	111%	111%	121	111	1%
New York Central	161%	175%	175	175	177%	194%	17%	18%
do do & N. Hav'n	120	121	140	121	130	140	130	140
do do do scrip. ....	...	...	...	...	130	125	120	125
Norwich & Worcester	100	104	100	104	104	105	104	105
Ohio & Mississippi	33	34%	32%	33%	33%	36%	32%	35%
do do do pref.	76	76	75	76	76%	79%	76%	79%
Panama	325	330	325	325	325	325	300	300
Pittsb., Ft. W. & Chica.	124%	139	123	1%	140	159%	140	156%
Reading	91	97%	91	97%	96%	101%	95	99%
Rome, W. & Ogdensb'g .....	...	...	...	...	120	125	120	125
Stonington	83	83	83	83	...	...	...	...
Toledo, Wab. & Western	67	73%	63%	73%	73%	78%	72	77%
do do do do pref.	77%	80	77%	79	79	82%	79	82%
Miscellaneous—								
American Coal.	40	40	40	40	...	...	...	...
C. ntral	6%	62%	62%	62%	66	66	66	66
Cumberland Coal.	33	35	30	30%	36	36	30	36
Del. & Ind. anal Coal.	126%	130	125%	130	130	134	130	133%
Spring Mountain Coal.	44	44	44	44	...	...	...	...
Wilkesbarre Coal. ....	...	...	...	...	35	45	35	45

Atlantic Mail.....	22	22	22	22	....	....	....	....
Pacific Mail.....	89%	9%	89%	94%	92	98%	80%	61%
Boston Water Power.....	16	17%	16	16	16	17%	16	16%
Canton.....	59	63	59	63	62%	65%	62%	64
Brunswick City.....	9%	9%	9%	9%	9	9	8%	8%
Mariposa.....	19	23	18%	20	21	24%	23%	24%
do prof.....	84	44%	84	41	43%	53	43%	50%
Quicksilver.....	20	22%	20	21	20	21%	14	14
West. Union Telegraph.....	30%	43%	39	43%	48%	44%	43	43%
Manhattan Gas.....	....	....	....	....	230	230	230	231
Bankers & Brokers Ass.....	....	....	....	....	108	108	106	107
Express—								
American M. Union.....	40%	43	39%	44%	41	41	38%	39
Adams.....	58	63	58%	63	63	63	59	60
United States.....	56	63	56	63	63	63	63	66%
Merchant's Union.....	15%	16	15	16	15%	16	14%	14%
Wells, Fargo & Co.....	30%	37%	30%	36	36%	36%	31%	31%

The gold premium has fluctuated widely during the month. The rise to 144½ was immediately due to the failure of Schepler & Co., who were heavily short of gold, and were unable to make good their contracts. This house had occupied a leading position in banking and foreign exchange circles, and were also at one time the heaviest shippers in the country of petroleum. At about the same time the discount rate of the Bank of England was advanced, and a panic in United States bonds was apprehended. These fears proved to be without foundation, and the premium gradually declined until, at the close of the month, sales were made as low 138½. The decline was also assisted by Treasury sales, which at first were one million per week, but were afterwards increased to two millions per week. The export of specie during the month amounted to \$2,512,348, the customs duties to \$10,034,613 and the imports of coin and bullion to \$343,164.

COURSE OF GOLD AT NEW YORK.

Date.	Open'g	Lowest	Highest	Closing	Date.	Open'g	Lowest	Highest	Closing
Saturday.....	1 134½	134½	134½	134½	Monday.....	21 141½	141½	142½	141½
Monday.....	3 135½	135½	136	135½	Tuesday.....	25 140½	140½	141½	140½
Tuesday.....	4 136½	135½	136½	135½	Wednesday.....	26 140½	139½	140½	139½
Wednesday.....	5 135½	135½	135½	135½	Thursday.....	27 139½	138½	139½	139½
Thursday.....	6 136½	136	136½	136½	Friday.....	28 139½	138½	139½	138½
Friday.....	7 136½	136½	137½	137½	Saturday.....	29 140	139½	140	140
Saturday.....	8 138½	137½	139	137½	Monday.....	31 139	138½	139	138½
Monday.....	10 137	137	137½	137½	May 1869.....	134½	134½	144½	138½
Tuesday.....	11 137½	137½	138½	138½	" 1869.....	139½	139½	140½	139½
Wednesday.....	12 136½	137½	138½	137½	" 1867.....	135½	135	138½	136½
Thursday.....	13 137½	137½	138½	138½	" 1866.....	135½	135½	141½	140½
Friday.....	14 13½	13½	138½	138½	" 1865.....	145½	128½	145½	137
Saturday.....	15 139½	139½	139½	139½	" 1864.....	177	163	190	190
Monday.....	17 111½	141	141½	141½	" 1863.....	151	143½	154½	145
Tuesday.....	18 141½	141½	144½	143½	" 1862.....	109½	108½	104½	103½
Wednesday.....	19 143	141½	144	143½	S'ce Jan 1, 1869.....	134½	130½	144½	138½
Thursday.....	20 143½	143½	144½	143½					
Friday.....	21 143½	141½	144½	141½					
Saturday.....	22 14½	140½	141½	141½					

The following formula will show the movement of coin and bullion at the port of New York during the month of May, 1868 and 1869, respectively:

GENERAL MOVEMENT OF COIN AND BULLION AT NEW YORK.

	1868.	1869.	Increase.	Decrease
Receipts from California.....	2,524,395	1,635,958	.....	887,437
Imports of coin and bullion.....	480,022	243,164	.....	236,858
Coin interest paid.....	17,053,376	13,681,439	.....	3,371,937
Total reported supply.....	\$20,057,793	\$15,660,561	\$.....	\$4,397,232
Exports of coin and bullion.....	\$16,925,980	\$2,512,348	.....	\$14,413,632
Customs duties.....	10,004,176	10,034,613	25,437	.....
Total withdrawn.....	\$26,930,156	\$12,546,961	\$.....	\$14,383,195
Excess of withdrawals.....	\$6,872,373	\$.....	\$.....	\$6,872,373
Excess of reported supply.....	.....	3,118,600	3,118,600	.....
Specie in banks increased.....	1,694,215	8,603,595	6,909,380	.....
Derived from unreported sources.....	\$3,572,568	\$5,489,995	\$.....	\$1,917,427

The following exhibits the quotations at New York for bankers 60 days bills on the principal European markets daily in the month of May, 1869:

COURSE OF FOREIGN EXCHANGE (60 DAYS) AT NEW YORK.

Days.	London. cents for 54 pence.	Paris. centimes for dollar.	Amsterdam. cents for florin.	Bremen. cents for rix daler.	Hamburg. cents for M. banco.	Berlin cents for thaler.
1.....	109½ @	51½ @ 517½	40½ @ 40½	78½ @ 78½	35½ @ 3½	71 @ 71½
2.....	109½ @ 108½	516½ @ 516½	40½ @ 41½	78½ @ 78½	35½ @ 3½	71½ @ 71½
3.....	10 @ 109½	517½ @ 516½	4½ @ 40½	78½ @ 78½	35½ @ 3½	71½ @ 71½
4.....	109½ @ 109½	517½ @ 517½	40½ @ 40½	78½ @ 78½	35½ @ 3½	71½ @ 71½
5.....	109½ @ 109½	517½ @ 517½	40½ @ 41½	78½ @ 78½	35½ @ 3½	71½ @ 71½
6.....	109½ @	517½ @ 517½	40½ @ 40½	78½ @ 78½	35½ @ 3½	71½ @ 71½
7.....	109½ @	517½ @ 517½	40½ @ 40½	78½ @ 78½	35½ @ 3½	71½ @ 71½
8.....	109½ @	517½ @ 517½	40½ @ 40½	78½ @ 78½	35½ @ 3½	71½ @ 71½
9.....	109½ @ 109½	517½ @ 517½	40½ @ 40½	78½ @ 78½	35½ @ 3½	71½ @ 71½
10.....	109½ @ 109½	517½ @ 517½	40½ @ 40½	78½ @ 78½	35½ @ 3½	71½ @ 71½
11.....	109½ @ 109½	517½ @ 517½	40½ @ 40½	78½ @ 78½	35½ @ 3½	71½ @ 71½
12.....	109½ @ 109½	516½ @ 517½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
13.....	109½ @ 109½	516½ @ 517½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
14.....	109½ @ 10½	516½ @ 517½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
15.....	109½ @ 109½	516½ @ 517½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
16.....	109½ @	516½ @ 515	40½ @ 4½	79½ @	36 @ 36½	71½ @ 71½
17.....	109½ @	516½ @ 515	40½ @ 4½	79½ @	36 @ 36½	71½ @ 71½
18.....	109½ @	516½ @ 515	40½ @ 4½	79½ @	36 @ 36½	71½ @ 71½
19.....	109½ @	516½ @ 515	40½ @ 4½	79½ @	36 @ 36½	71½ @ 71½
20.....	109½ @ 109½	516½ @ 515	40½ @ 4½	79½ @ 78½	35½ @ 3½	71½ @ 71½
21.....	109½ @ 10½	516½ @ 517½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
22.....	109½ @ 10½	518½ @ 16½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
23.....	109½ @ 10½	518½ @ 516½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
24.....	109½ @	518½ @ 517½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
25.....	109½ @	518½ @ 516½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
26.....	109½ @	518½ @ 516½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
27.....	1 9½ @ 109½	518½ @ 517½	0½ @ 0½	78½ @ 78½	35½ @ 3½	71½ @ 71½
28.....	10½ @	517½ @ 516½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
29.....	109½ @	518½ @ 517½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
30.....	10½ @ 109½	518½ @ 517½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
31.....	10½ @ 109½	518½ @ 517½	40½ @ 4½	78½ @ 78½	35½ @ 3½	71½ @ 71½
May, 1869.....	109 @ 109½	518½ @ 515	40½ @ 40½	78 @ 79½	35½ @ 36½	71½ @ 72
May, 1868.....	109½ @ 110½	518½ @ 511½	41½ @ 41½	79½ @ 79½	36½ @ 36½	71½ @ 72

JOURNAL OF BANKING, CURRENCY, AND FINANCE.

Condition of National Banks—Returns of the New York, Philadelphia and Boston Banks.

Abstract of the reports made to the Comptroller of the Currency, showing the condition of the National Banks in the United States at the close of business on the 17th day of April, 1869:

RESOURCES.

Loans and discounts.....	\$658,794,546 6
Overdrafts.....	2,848,950 05
United States bonds to secure circulation.....	337,789,750 00
United States bonds to secure deposits.....	29,651 3 0 00
United States bonds and securities on hand.....	10,504,900 00
Other stocks, bonds and mortgages.....	20,031,276 51
Due from redeeming agents.....	57,525,913 92
Due from National banks.....	20,520, 82 62
Due from other banks and bankers.....	7,008,732 41
Real estate, furniture and fixtures.....	23,753,192 97
Current expenses.....	5,626,113 51
Pre-lum.....	1,658,617 91
Checks and other cash items.....	153,979,920 11
Bills of National banks.....	11,719,818 00
Bills of other banks.....	120,590 00
Fractional currency.....	2,067,722 71
Specie.....	9,837,768 06
Legal tender notes.....	50,674,798 00
Compound interest notes.....	40,830 00
Three per cent certificates.....	51,135,000 00
Total.....	\$1,516,302,943 19

LIABILITIES.

Capital stock.....	\$430,368,720 50
Surplus fund.....	82,633,414 19
Undivided profits.....	37,402,938 28
National bank notes outstanding.....	2,615,387 00
State bank notes outstanding.....	292,204,598 00
Individual deposits.....	547,712,627 72
United States deposits.....	10,033,861 76
Deposits of United States disbursing officer.....	3,584,953 66
Due to National banks.....	92,661,203 03
Due to other banks and bankers.....	22,714,405 86
Notes and bills re-discounted.....	2,444,891 1
Bills payable.....	1,800,913 26
Total.....	\$1,516,302,943 19

Below we give the returns of the Banks of the three cities since Jan. 1 :

NEW YORK CITY BANK RETURNS.

Date.	Loans.	Specie.	Circulation.	Deposits.	L. Tend's.	Ag. Clear'gs.
January 2.....	\$259,000,057	\$30,738,122	\$34,379,009	\$180,490,445	\$18,896,431	\$85,504,799
January 9.....	268,792,568	31,384,780	34,314,56	187,908,539	51,141,128	70,732,051
January 16.....	269,338,881	29,208,536	34,279,153	195,484,843	52,927,083	675,796,611
January 23.....	264,954,69	28,864,197	31,295,966	197,101,103	54,022,119	671,234,542
January 30.....	265,171,100	27,704,922	34,231,56	196,985,423	54,747,560	669,36,20
February 6.....	266,541,731	27,939,401	24,246,436	196,607,899	53,434,133	670,329,470
February 13.....	264,380,407	31,354,331	34,363,451	192,977,600	52,224,952	690,754,499
February 20.....	263,421,064	28,311,91	34,247,321	187,612,546	50,997,197	70,991,019
February 27.....	261,371,597	20,832,603	24,247,981	185,216,175	50,825,054	529,164,21
March 6.....	262,039,883	19,436,634	24,275,885	182,604,437	49,145,560	727,18,131
March 13.....	261,709,695	17,353,671	24,690,445	182,392,458	49,639,621	678,77,566
March 20.....	263,088,302	15,214,306	24,441,310	183,504,999	50,744,874	720,710,003
March 27.....	263,909,508	12,072,722	24,777,814	180,113,210	50,555,103	797,987,488
April 3.....	261,932,675	10,777,389	21,816,916	175,325,789	48,496,359	837,28,692
April 10.....	257,458,074	8,791,443	24,609,360	171,495,50	48,644,732	810,05,453
April 17.....	255,184,882	7,811,779	24,426,761	172,203,494	51,001,88	772,395,294
April 24.....	257,458,074	8,830,60	24,005,51	177,310,060	52,677,598	752,905,766
May 1.....	260,435,160	9,267,65	23,977,053	182,948,565	56,495,722	708,763,392
May 8.....	268,498,372	16,081,499	23,908,190	191,310,060	55,109,573	91,174,577
May 15.....	269,498,897	15,274,60	23,977,793	199,392,449	56,501,256	880,720,880
May 22.....	270,375,952	15,429,404	23,921,306	199,414,869	57,810,373	788,747,822
May 29.....	274,932,461	17,371,230	23,920,855	203,035,600	57,810,373	781,646,491

PHILADELPHIA BANK RETURNS.

Date.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
January 4.....	\$51,716,999	\$32,428	\$13,210,397	\$38,121,023	\$10,593,719
January 11.....	51,642,237	544,691	13,480,109	38,768,511	10,594,372
January 18.....	52,132,783	478,462	13,729,493	39,625,158	10,596,500
January 25.....	52,537,015	411,837	14,054,70	39,585,463	10,598,914
February 1.....	52,632,613	32,783	14,206,570	39,677,942	10,599,351
February 8.....	53,039,716	317,01	13,785,595	40,050,399	10,596,552
February 15.....	52,929,291	204,631	13,573,043	38,711,575	10,582,226
February 22.....	52,416,146	221,307	13,408,607	37,990,966	10,485,546
March 1.....	52,251,851	256,953	13,010,508	37,735,205	10,488,546
March 8.....	52,232,060	297,887	13,558,201	38,298,956	10,488,958
March 15.....	51,911,523	277,517	13,028,207	37,570,583	10,459,081
March 22.....	51,528,419	225,097	12,765,759	36,960,000	10,461,406
March 29.....	50,597,100	210,644	12,021,315	36,863,344	10,472,429
April 6.....	50,499,866	190,03	12,169,221	35,375,854	10,622,896
April 13.....	50,770,193	181,246	12,643,257	36,039,133	10,628,166
April 19.....	51,478,371	167,818	12,941,783	37,031,747	10,629,422
April 26.....	51,394,923	164,361	13,610,063	37,437,385	10,624,407
May 3.....	51,510,983	201,758	14,200,371	38,971,231	10,617,315
May 10.....	51,936,530	270,525	14,623,803	39,178,803	10,617,934
May 17.....	52,168,526	276,167	14,696,365	40,692,742	10,14,612
May 24.....	52,361,764	174,115	15,087,008	41,611,410	10,618,246
May 31.....	52,210,874	183,507	15,484,947	42,247,319	10,618,561

BOSTON BANK RETURNS.

(Capital Jan. 1, 1866, \$41,900,000.)

Date.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
January 4.....	\$98,423,644	\$2,203,401	\$12,938,331	\$37,538,767	\$25,151,345
January 11.....	110,727,07	2,075,844	12,864,700	38,082,891	25,276,667
January 18.....	102,265,200	2,677,689	12,922,327	39,717,193	25,243,523
January 25.....	102,959,942	2,394,750	13,228,574	39,557,747	25,273,300
February 1.....	103,696,854	2,161,284	12,164,225	40,378,462	25,312,947
February 8.....	101,342,425	2,073,908	12,452,793	39,693,857	25,2,2057
February 15.....	103,215,084	1,845,524	11,642,556	37,759,722	25,352,122
February 23.....	102,252,632	1,545,415	11,600,790	39,323,814	25,304,065
March 1.....	101,309,559	1,238,536	11,200,149	35,469,466	25,301,587
March 8.....	101,425,952	1,297,599	10,985,972	35,528,680	25,338,377
March 15.....	100,820,303	1,277,218	10,869,188	34,051,715	25,351,654
March 22.....	99,553,319	1,220,264	10,490,448	33,641,097	24,559,513
March 29.....	99,670,945	987,769	11,646,233	32,930,430	24,254,167
April 5.....	96,969,714	862,276	11,248,884	33,504,099	24,071,716
April 12.....	99,625,473	750,160	11,391,559	34,392,377	25,338,783
April 19.....	99,115,750	639,460	11,490,995	31,257,071	25,351,844
April 26.....	98,971,711	617,435	12,361,837	35,302,203	25,319,751
May 3.....	100,127,411	708,963	12,352,113	36,735,742	25,330,060
May 10.....	100,535,542	1,587,749	12,513,473	37,457,837	25,321,532
May 17.....	101,474,527	1,184,586	12,588,527	38,708,804	25,09,662
May 24.....	102,042,182	934,561	13,191,542	39,347,881	25,290,383
May 31.....	102,513,278	772,397	13,696,837	38,403,624	25,175,232

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Below we give the returns of the Banks of the three cities since Jan. 1 :

NEW YORK CITY BANK RETURNS.

Date.	Loans.	Specie.	Circulation.	Deposits.	L. Tend's.	Ag. Clear'gs.
January 1.....	\$250,000,057	\$20,738,123	\$24,379,000	\$180,490,445	\$18,890,421	\$585,104,700
January 9.....	258,792,562	21,394,780	24,344,786	187,908,539	51,141,125	70,772,031
January 16.....	262,328,881	22,208,530	24,270,123	195,484,843	52,927,083	675,706,611
January 23.....	264,954,619	23,894,197	21,265,916	197,101,168	54,022,119	677,234,542
January 30.....	263,171,100	27,784,922	24,231,566	196,985,472	54,747,569	609,362,266
February 6.....	266,541,723	27,929,304	24,246,496	196,002,590	53,424,133	670,329,470
February 13.....	264,380,467	25,964,311	24,263,451	192,977,600	52,234,053	690,754,409
February 20.....	263,424,068	23,911,911	24,247,321	187,612,546	50,997,197	700,001,049
February 27.....	261,371,597	20,822,603	24,247,981	185,216,175	50,835,064	529,104,121
March 6.....	263,050,883	19,420,634	24,273,885	184,804,457	49,145,269	727,181,131
March 13.....	261,060,933	17,383,671	24,690,445	182,392,428	49,639,621	620,775,566
March 20.....	263,088,908	15,212,306	24,741,310	189,504,949	50,774,874	720,716,003
March 27.....	263,909,649	12,073,723	24,777,814	180,113,910	50,555,109	727,987,488
April 3.....	261,923,675	10,717,889	24,816,916	175,325,789	48,496,359	537,23,693
April 10.....	257,420,227	8,791,423	24,602,960	171,495,510	48,644,732	810,084,455
April 17.....	255,184,823	7,811,779	24,436,761	172,203,494	51,001,188	772,395,294
April 24.....	257,455,074	6,930,760	24,005,511	177,310,080	54,677,598	725,905,766
May 1.....	260,435,160	5,297,615	23,973,033	182,948,565	56,495,723	703,163,349
May 8.....	268,496,372	10,081,419	23,908,190	191,813,377	55,109,573	901,124,577
May 15.....	269,494,867	15,374,600	23,977,793	199,392,449	56,501,350	860,720,890
May 22.....	270,375,552	15,429,404	23,921,306	199,414,890	57,818,398	788,737,823
May 29.....	274,935,461	17,871,230	23,910,815	203,056,600	57,810,373	781,646,491

PHILADELPHIA BANK RETURNS.

Date.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
January 4.....	\$51,716,999	\$352,483	\$13,210,597	\$38,121,023	\$10,593,719
January 11.....	51,642,237	544,691	13,400,109	38,768,511	10,594,372
January 18.....	52,122,723	478,462	13,729,499	39,025,159	10,596,960
January 25.....	52,537,015	411,837	14,054,701	39,585,466	10,593,914
February 1.....	52,632,813	312,784	14,266,570	39,677,943	10,599,351
February 8.....	53,039,716	317,011	13,785,595	40,080,399	10,586,552
February 15.....	52,929,291	304,681	13,573,043	38,711,575	10,582,220
February 22.....	52,416,146	221,307	13,208,607	37,990,986	10,486,546
March 1.....	52,251,251	256,433	13,010,508	37,735,205	10,456,546
March 8.....	52,232,000	297,867	13,258,201	38,293,956	10,456,928
March 15.....	51,911,513	277,517	13,028,307	37,571,583	10,459,081
March 22.....	51,329,419	225,097	12,765,739	36,960,009	10,461,400
March 29.....	50,597,100	210,644	12,021,315	36,863,244	10,472,420
April 5.....	50,499,966	190,012	12,169,221	35,375,254	10,622,896
April 12.....	50,770,193	184,346	12,643,357	36,029,132	10,628,166
April 19.....	51,478,371	167,818	12,941,783	37,031,747	10,639,425
April 26.....	51,294,923	164,261	13,640,063	37,427,235	10,624,407
May 3.....	51,510,983	201,733	14,210,371	38,971,231	10,617,315
May 10.....	51,936,530	270,525	14,621,803	39,178,903	10,617,034
May 17.....	51,163,626	276,167	14,696,365	40,694,742	10,614,612
May 24.....	52,261,764	174,115	15,087,008	41,621,410	10,618,246
May 31.....	52,210,874	183,257	15,434,947	42,247,319	10,618,561

BOSTON BANK RETURNS.

(Capital Jan. 1, 1866, \$41,900,000.)

Date.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
January 4.....	\$98,423,644	\$1,203,401	\$12,928,331	\$37,533,767	\$25,151,345
January 11.....	100,727,017	2,075,844	12,894,700	38,022,891	25,276,667
January 18.....	102,265,300	2,677,683	12,922,327	39,717,193	25,243,333
January 25.....	102,959,942	2,394,710	13,228,874	39,551,747	25,272,300
February 1.....	103,696,154	2,161,284	12,564,235	40,238,463	25,312,947
February 8.....	104,342,425	2,073,908	12,452,795	39,093,857	25,210,057
February 15.....	103,215,044	1,845,594	11,642,656	37,759,722	25,352,123
February 22.....	102,252,633	1,546,418	11,600,790	36,223,814	25,304,056
March 1.....	101,308,539	1,284,936	11,200,149	35,689,466	25,301,587
March 8.....	101,425,492	1,397,599	10,985,972	35,525,680	25,335,377
March 15.....	100,820,308	1,217,318	10,862,188	34,051,715	25,351,654
March 22.....	99,659,319	1,320,264	10,490,448	32,641,097	24,559,313
March 29.....	99,670,945	987,769	11,646,223	32,930,430	25,254,167
April 5.....	96,969,714	862,276	11,348,884	33,504,099	24,671,716
April 12.....	99,625,473	750,160	11,391,519	34,392,737	25,338,782
April 19.....	99,115,750	639,460	11,429,995	31,257,071	25,361,844
April 26.....	98,971,711	617,435	12,361,837	35,302,203	25,319,751
May 3.....	100,127,411	708,963	12,352,113	36,735,742	25,330,060
May 10.....	100,535,543	1,167,749	12,513,472	37,457,827	25,321,532
May 17.....	101,474,527	1,134,886	12,888,537	38,708,804	25,309,662
May 24.....	102,042,182	934,760	13,191,512	39,347,891	25,290,382
May 31.....	102,513,278	772,397	13,690,837	38,403,624	25,175,232

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